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## NEAR EAST/SOUTH ASIA REPORT

No. 2829

## CONTENTS

## REGIONAL AFFAIRS

## INTERNATIONAL AFFAIRS

Danger of Gulf War Escalating Considered (Ilyas Harfush; AL-MAJALLAH, No 182, 6-13 Aug 83)...	1
Mines Pose Threat to Shipping in Gulf (AL-MUSTAQBAL, No 338, 13 Aug 83).....	5
Aluminum Production in Arab World Reviewed (AL-MUSTAQBAL, No 338, 13 Aug 83).....	7

## ARAB AFRICA

## ALGERIA

Urban Development Examined (EL MOUDJAHID, 7 Aug 83).....	10
Approaches To Reducing Shanty Town Problem Discussed (A. Sayoud; ALGERIE ACTUALITE, 11-17 Aug 83).....	13

## EGYPT

Finance Minister Interviewed on Customs Situation (Salah Hamid Interview; AL-AKHBAR, 11 Aug 83).....	16
People's Assembly Passes Laws on Tourism, Antiquities, Currency (Mahmud Mu'awwad, 'Abd-al-Jawad 'Ali Sharif al-'Abd AL-AHRAM, 18 Jul 83).....	22

Melon Shortages, Pricing Problems Discussed (Tuhami Muntasir; AKHIR SA'AH, No 2539, 22 Jun 83)...	25
Minister of Transport Reviews Port Development (AL-JUMHURIYAH, 27 Jun 83).....	30
LIBYA	
Various Aspects of Economy Reviewed (DIYARUNA WA AL-'ALAM, No 92, Aug 83).....	34
Petroleum Situation Financial Aspect Economy Viewed	
MOROCCO	
Minister Discusses Trade Deficit, Tourism, EEC Expansion (Azeddine Guessous Interview; L'OPINION, 17 Aug 83)...	55
Minister Assesses Prospects for Tourism (Azeddine Guessous Interview; MAROC SOIR, 18 Aug 83)..	61
Minister's Comments on Fishing Agreement With Spain (Bensalem Smili; L'OPINION, 21 Aug 83).....	72
SUDAN	
Rationale for Sudanese-Egyptian Integration Discussed (Jamal-al-Din Sadiq; AL-AHRAM, 14 Jun 83).....	75
Christianity, West Implicated in Southern Discontent (AL-MUJTAMA', No 630, 26 Jul 83).....	77
Crisis Over Judges' Dismissal Reviewed (AL-MAJALLAH, No 178, 9-15 Jul 83).....	83
Function, Responsibility of Free Press Discussed (Ahmad al-Maghribi; AL-SAHAFAH, 21 Jun 83).....	86
Difficulties of Balancing, Financing 1983-84 Budget Examined (Uthman Muhammad Yusuf; AL-SAHAFAH, 14 Jun 83).....	89
State, Development Budget Features for Fiscal 1983-84 Highlighted (AL-SHARQ AL-AWSAT, 10 Jul 93).....	91



# ARAB EAST/ISRAEL

## IRAQ

Description of Iraqi-Iranian War in North (AL-DUSTUR, No 297, 1 Aug 83).....	95
---	----

## JORDAN

Public, Private Sector Personnel Attend Civil Defense Sessions (al-Khasawnah Interview; AL-DUSTUR, 16 Jul 83).....	99
Al-Zarqa Industrial Park To Have Civil Defense Center (AL-RA'Y, 22 Jul 83).....	101
Briefs Tax Revenues Increased in 1982	103

## KUWAIT

Critical View Given of U.S. Military Presence in Region (AL-TALI'AH, No 804, 10 Aug 83).....	104
U.S. Military Maneuvers in Arab World Criticized (AL-TALI'AH, No 804, 10 Aug 83).....	107
KPC's Profit Up for 1981-1982 Despite Sales Drop (AN-NAHAR ARAB REPORT & MEMO, No 34, 22 Aug 83).....	109
Highlights of New Law for Resolving Market Crisis (AN-NAHAR ARAB REPORT & MEMO, No 34, 22 Aug 83).....	110

## LEBANON

Views of Al-Murabitun Leader on American-Syrian Dialogue (AL-MUSTAQBAL, No 337, 6 Aug 83).....	112
Tripoli Notables Comment on Situation in Country (AL-SIYASAH, 8 Aug 83).....	116
Analysis of Insurance Companies Operating in Lebanon (AL-MUSTAQBAL, No 337, 6 Aug 83).....	123

## OMAN

Salinity Threatens Batinah Coast; Solutions Sought (AL-'AQIDAH, No 469, 14 Jul 83).....	126
--	-----

## PALESTINIAN AFFAIRS

'Arafat Interviewed on PLO Situation Following Biqa' Events (Yasir 'Arafat Interview; AL-DUSTUR, No 296, 25 Jul 83).....	130
--	-----

## SYRIA

Briefs	
Rif'at al-Asad, al-Ahmar	138

## SOUTH ASIA

### IRAN

Government Encourages Enlistment of Children in Forces (Erik Sagflaat; ARBEIDERBLADET, 13 Aug 83).....	139
Comments on Prolongation of War by Iranian Authorities (National Voice of Iran, 14 Sep 83).....	143
Clandestine Radio Comments on Plight of Iranian Workers (National Voice of Iran, 13 Sep 83).....	145
Moscow Commentaries on Tudeh Party Criticized (ETTELA'AT, 6 Sep 83).....	147
Discussion on Islamic Court Investigations (JOMHURI-YE ESLAMI, 25 Aug 83).....	148
Briefs	
Hashemi-Rafsanjani, Soviet Envoy Meet	150

### PAKISTAN

Elections Seen as Only Way To Avoid Disaster (NAWA-I-WAQT, 1 Aug 83).....	151
Mrs Bhutto To Name Those Who Misappropriated Funds for Husband (NAWA-I-WAQT, 1 Aug 83).....	152
New Impudence of Communist Propagandists Described (NAWA-I-WAQT, 1 Aug 83).....	153
Pakistan National Party Leader Stresses Provincial Autonomy (Qasur Ali Gardezi Interview; CHATAN, 25 Jul-1 Aug 83)	155

Information Minister Claims MRD Movement Failed (Geof Malone; KHALEEL TIMES, 2 Sep 83).....	158
Economic Relations With Turkey Examined (Editorial; DAWN, 5 Sep 83).....	160
Open Courts Criticized, Termed Mere Show (NAWA-I-WAQT, 9 Aug 83).....	162
Jatoi's Anti-Punjab Remarks Decried, Rebuffed (Editorial; NAWA-I-WAQT, 9 Aug 83).....	163
Indian Magnanimity Vital To Success of Regional Cooperation (NAWA-I-WAQT, 4 Aug 83).....	164
Provisions for Continued Use of English Resented (Editorial; NAWA-I-WAQT, 9 Aug 83).....	165

#### SRI LANKA

Freedom Considered a Matter of 'Survival' by Tamils (Patrick Frances; LE MONDE, 7, 8 Aug 83).....	166
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DANGER OF GULF WAR ESCALATING CONSIDERED

London AL-MAJALLAH in Arabic No 182, 6-13 Aug 83 p 17

[Article by Ilyas Harfush: "Will the Gulf War Turn into an Oil War-- Internationally?"]

[Text] Although 3 years have lapsed since the war between Iraq and Iran began, there is nothing to indicate that this war is nearing an end or that mediation or a settlement will put an end to it. So far, this war has claimed more than 200,000 Iraqi and Iranian lives, not to mention the large economic losses suffered by the two warring countries. President Saddam Husayn, on the 15th anniversary of the Iraqi revolution, had called for the intervention of international bodies, the U.N. and the Non-Aligned Movement in particular, to impose a cease fire on the Iranian side.

The Iranians replied to the Iraqi call for peace by waging, about two weeks ago, an attack on the Kurdish area in northern Iraq, an area that had been removed from the blazing combat areas ever since the war began. Military correspondents on the front reported that, by this attack, the Iranians wanted to open a "fourth front" to add to the other three fronts where the Iraqi army is massing its forces. They are Basrah in the south, Misan in the front's southeast, and Mandali in the center.

Military officials in Iraq estimate that the Iranian plan behind opening a new front in the north is to cover a sweeping attack in the center of the front, in belief that the Iraqi army may transfer its massed troops to the north, thereby making it possible for the Iranians to strike with ease in the center. What happened, however, according to Iraqi sources, was that, upon discovering the Iranian plan, Iraqi defense used the air force on the new front and did not move the land forces.

Military analysts on the developments of the Iranian-Iraqi war believe that the recent Iranian operation began by striking at Kurdish positions within Iran, positions that oppose the Iranian regime and, according to Iranian authorities, receive military aid from Iraq. That is why the Iranian operation was aimed at gaining control over a village called al-Hajj 'Umrān located on the road connecting Piranshahr in Iran with Rawanduz in Iraq; both located in Kurdish areas along the borders of the two countries. The Iranians claim that this was being used to transport weapons from government-supported

Iraqi Kurds to arm Kurds opposed to the Iranian regime. Hence the belief that the operation started out against the Iranian Kurds, then developed and advanced towards the Kurdish area in Iraq. Turkey had carried out a military strike against the Kurdish area on the borders with Iraq with the concurrence of the Iraqi authorities. The Ankara government, earlier last month, said that there were Kurdish elements along the Iraqi-Turkish borders working against the interests of the two countries with a view to carrying out sabotage operations and declaring a separate Kurdish state along the borders. Turkish diplomatic sources stated to AL-MAJALLAH that these elements are cooperating very closely with the Iranian regime. Among those elements are the two sons of the late Kurdish leader, Mustafa al-Barazani, Mas'ud and Idriss. Iranian-Turkish relations have recently deteriorated and the Iranians are offering aid and secret facilities to the men of the "Secret Armenian Army" that is undertaking operations in Teheran and other Iranian cities against Turkish, French and other targets with an ease that has surprised those who are familiar with the nature of suppression existing in Iran.

In their recent plans, the Iranians exploited a large rift in the ranks of the Iraqi Kurds going back more than 15 years. For the anti-Iraqi regime Kurdish group participated to a great extent in the military operation carried out by the Iranians in northern Iraq. AL-MAJALLAH has learned that, in addition to the two sons of Mustafa al-Barazani, a senior Iraqi officer--who defected from Iraq--called Mustafa al-Naqib, is cooperating with the Syrians and Iranians in training a number of Kurdish dissidents in the north, about 2,000 of them. Those Kurds have threatened to undertake sabotage operations in oil installation areas against the pipeline that carries Iraqi oil across Turkey. This pipeline is the only one that Iraq can use to export oil abroad. Should the pipeline be hit or sabotaged, Iraq's economic and military agreements with western countries will be jeopardized. For French weapons being acquired by Iraq are paid for by oil supplies delivered to France through this line. If Iraqi oil exports to France were to stop, it would be difficult to continue the flow of French weapons to Iraqi forces at a time when they seem to be in great need of them. The secretary general of the Kurdish Democratic Party confirmed the rift between the Iraqi Kurds and the help extended by some of them to the Iranians in their operations against al-Hajj 'Umrani. Hashim Hasan 'Aqrabi said that the Iranians are using Kurdish agents who betrayed their country in the recent offensive against Iraq.

#### The Currents in Iran

In an interview with AL-MAJALLAH, Dr 'Udayd Duwayshah, Deputy Director of the Royal Institute of International Affairs in London and an expert in Iraqi-Iranian affairs, thought it unlikely that the Iranians would be able to advance in the Kurdish area in Iraq. The Iranians will not be able to advance towards Kirkuk and will be forced to stop before Iraqi defenses, as happened in the front's central sector. Duwayshah says that al-Hajj 'Umrani is no more than 6 kilometers inside the Iraqi borders in a mountainous area that is not easy to get to, and that the Iraqis can maintain control over it, especially if they were to use the air force which is superior to the Iranian one. Iraqi sources had mentioned in the military communiques that they had



been able to regain al-Hajj 'Umran, annihilating in the battle a complete regiment of Khomeyni guards (the Revolutionary Guards), in addition to a large number of "guides" (Iraqi Kurds collaborating with Iran). President Saddam Husayn visited the front with Gen 'Adnan Khayrallah, minister of defense and deputy commander-in-chief of the armed forces. It seems that losses on both sides were high, estimated at several thousand killed and wounded.

Military analysts believe that the Iranian plan was not so much for military advance or control over positions as for waging a long war of attrition against Iraqi forces. Fred Holliday, a British expert in Iranian affairs, says that there is a broad debate in Iranian ruling circles about the plan that must be followed in the war. A large group wants to follow a war of attrition at a time when others are demanding the realization of a "decisive and wide-ranging military victory" over Iraq. This group maintains that a war of attrition would not only harm Iraq, but would also damage the Iranian economy as well. Iranians fear that Iraq might undertake military steps that would take the battle to another level such as striking at Iranian oil installations on "Kharg" Island. This fear is attributed to Iraq's acquisition of the French "Etendard" airplanes equipped with "Exocet" rockets and to improved Iraqi land defenses and artillery, in addition to the Iraqi forces stationed behind Iranian lines along the length of the front and to the supremacy of the Iraqi air force in the war.

#### The Iraqi Threat Is Serious

Ayatollah Rafsanjani threatened to "destroy the security of the Gulf" should Iraq use French weapons to strike at Iranian oil installations. Moreover, the Iranian foreign minister, 'Ali Akhbar Wilayati, said that "Iran will stop all oil exports across the Gulf if Iraq cuts off the movement of Iranian oil." In a warning addressed to the West, Wilayati added that "if the moving out of oil from the Gulf were to be halted for several months, the price of oil would triple." The American government quickly replied to the Iranian threat against Gulf oil exports by issuing a statement via a state department spokesman saying that his government will do everything possible to safeguard the freedom of navigation in the Gulf should Iran carry out its threat of cutting off oil supplies to the world. The spokesman added that his government viewed the Iranian threat with gravity. Observers remark that the Iranian threat against Gulf oil is not the first of its kind, but is a part of a process to pressure Iraq. Some experts in area affairs, including Dr Duwayshah, view with gravity the Iraqi threat to strike at Iranian oil installations should Iranian hostilities persist and should the rulers of Teheran ignore international pleas for mediation. Duwayshah says that the Iraqi economy cannot endure a war of attrition with Iran and that Iraq would be forced to use every means at its disposal to bring pressure to bear on Iran to stop the war. Herein lies the danger of Iranian retaliation against Gulf oil installations.

In the shadow of the nature and the current circumstances of the Iranian-Iraqi war, everything points to the fact that this war is here to stay for a long time, unless a radical change in these circumstances were to come



about; and such a change could assume the form of threats against oil installations. The two countries have reinforced their forces considerably since the beginning of the war. Besides reinforcing Iraqi defenses with new French weapons, the forces of the Iranian army have tripled, from 100,000 to 320,000, adding to that the 150,000 men in the Revolutionary Guard. Moreover, the Iranian air force is being reinforced with new Chinese-made MIG-21 fighters. It is well-known that the air force was the main weak point of the Iranian forces throughout the war and could be used for defensive purposes only.

12502

CSO: 4404/569

MINES POSE THREAT TO SHIPPING IN GULF

Paris AL-MUSTAQBAL in Arabic No 338, 13 Aug 83 p 44

/Article: "After the Oil Spill, Mines Threaten Shipping in the Gulf"

/Text/ The Saudi fishing firms' return to work and the announcement that cargo ships spill more oil waste daily than the leakage from the Noruz well have reduced the dangers of the oil on both the desalinization of water and the fish resources.

The issue of mines in the Gulf last month affected officials, oil transport and shipping firms and oil companies, but it has now gone back to its natural size. Despite the assertion of the Pakistani Navy and a specialized American military agency, it is apparent that they are present in the Gulf waters. Two naval mines turned up close to the Saudi shore, but the Gulf governments hastened to deny the report and emphasize that there were no mines. This proves that they are in fact there.

It is also apparent that Lloyds of London has not taken the report of mines seriously. So far, Lloyds has not met to consider increasing the fees for war dangers insurance, knowing that raising the fees is a process that will have a severe political reaction, as it did in August 1979, when Lloyds raised the war dangers insurance for ships, as a result of a rumor put about by the American CIA to the effect that Palestinian commandoes would hijack an oil tanker and sink it in the Straits of Hormuz, for the purpose of closing the sole entrance to the Gulf.

Gulf anger at Lloyds erupted as a result of raising the rates at that time, and the Gulf Fund Against War Dangers and the Arab Insurance Group were established. The AIG was capitalized with \$1 billion.

Whether the report about the mines is true or not, it has added a new psychological burden to the Gulf climate, which the Iraqi-Iranian war, and the oil have filled with black clouds. The war has disrupted the economic role of the Gulf states to some extent, and the oil spill resulting from the destruction of the Iranian off-shore wells has created real fears that this would lead to closing down the Gulf desalinization plants and to a disruption of shipping traffic in the event the oil pouring into the Straits of Hormuz accumulated. This would mean a crushing blow to the export of oil and Gulf commercial traffic and consequently, it would be an economic disaster.

Statistics indicate that Gulf waters can annually receive about 8,000 ships and oil tankers, serving trade (goods and oil) of more than \$250 billion a year.

With regard to the oil, the Iranian authorities have pointed out that about 2,000 barrels of oil are spewing forth from the Iranian Noruz oil fields a day. During the next few months, this figure might increase to 16,000 barrels a day, in the event the wells become increasingly liquified as a result of heat coming from the burning oil. Mr Khalid Mukhzu of the Bahrain Pollution Center estimates that the oil fields will be depleted at a rate fluctuating between 4 and 5,000 barrels per day.

The Gulf states have drawn up a plan to get rid of the oil spill, which requires sending a ship accompanied by helicopters to the areas in which the oil is accumulating. Then they would work to suck up the floating or semi-floating oil. However, it is clear that it would be impossible to implement this plan, since Iraq and Iran both refuse to allow the ship to operate.

So far, all efforts have been blocked to convince the two nations to accept a regional agreement to close down the wells through an international technical team, supervised by the Regional Board to Protect Maritime Life in the Gulf, since both Iraq and Iran will only accept 2 of the 14 articles contained in the agreement. This has increased the fears of the World Natural Life Fund with regard to the extinction of maritime life in the Gulf. The Fund said that restoring this life would require intensive efforts over a period of 20 to 30 years, as well as huge expenditures. Bear in mind that cleaning the sea bottom of oil deposits would be an impossible process in the foreseeable future.

Despite that, Saudi King Fahd has recently allowed a return to fishing off the Saudi coast, after a ban of about 3 months. That ban had inflicted heavy damage on the "al-Rubiyah" canning industry, which exports about 2,500 tons annually abroad, especially to the American market.

Observers consider the Saudi king's decision to be tantamount to an indication that the danger of oil pollution was exaggerated. The decision coincides with the Iranian announcement that the oil spilling out of the wells does not exceed 2,000 barrels per day. This amount is a great deal less than the oil that oil tankers discharge into the Gulf waters, which is estimated by a Kuwaiti official at some 10,000 barrels per day.

7005

CSO: 4404/570

ALUMINUM PRODUCTION IN ARAB WORLD REVIEWED

Paris AL-MUSTAQBAL in Arabic No 338, 13 Aug 83 pp 50-51

/Article: "In the Beginning of the Nineties, Arabs Will Embark on the Age of Aluminum"/

/Text/ The aluminum and subsidiary industries may in the not too distant future become one of the principal industries in the Arab world, after oil and petrochemicals. Aluminum is abundant in Saudi Arabia and a number of other Arab states, and the cheap energy required to convert its raw materials into metal is also abundant.

From this point of departure, a specialized conference will be held in Kuwait between 24 and 26 October to discuss the horizons of the future of the Arab aluminum industry, and the projects that are now in the process of implementation. The Kuwaiti Chamber of Commerce and Industry will participate in preparing for the conference, along with the UN Organization for Industrial Development (UNIDO) and the Arab Federation of Engineering Industries.

The conference will be held at a time when the price of aluminum, which had dropped during the past 2 years, has begun to improve on London's international markets, which will give the conferees a clear view of the future.

Whereas the Gulf states have been able to find common ground for coordination in this field, which is an important condition for the successful establishment of the aluminum industry, the other Arab states still need a minimum of coordination among themselves, especially in the field of marketing.

The Gulf aluminum industry is composed of two main plants, one in Bahrain that produces roughly 120,000 tons a year, and the other in Dubayy, which produces a slightly lesser amount. However, the Bahrain plant can be utilized on a wide scale, since industries that make use of its production have been established, such as a factory to draw aluminum, an aluminum cable plant, a factory for aluminum nozzles that are used in the paint industry and, lastly, an aluminum milling plant, which is currently being built with Gulf capital, with work to begin in 1984.

The latter project, whose capitilization amounts to \$90 million, will provide about \$700 million in foreign currency in the first 10 years of operation, and about 220 employment opportunities for Bahrainis.

The Bahraini aluminum industry has in fact become a Gulf industry. Bahrain has brought Saudi Arabia in as a partner in capitalizing the "ALBA-Bahrain" plant, as a substitute for a project that Saudi Arabia had decided to implement in the current development plan, and which required the establishment of an aluminum plant in the Saudi industrial city of Jubayl. Bahrain also brought Saudi Arabia into the capitalization of the aluminum cable factory.

The production capacity of the Dubayy aluminum factory (DUBAL) is about 135,000 tons a year, but its production capacity has not exceeded the 550,000 tons /sic/ in 1981, a matter which suggests the presence of difficulties that impede the marketing of the complex's products in the UAE. Note that its maximum capacity is higher than the maximum capacity of the Bahraini plant, which amounts to 120,000 metric tons a year (increased recently to 165,000 tons).

It has been decided that the Iraqi aluminum complex will begin production in 1985, with a total capacity amounting to 150,000 metric tons a year. This would raise the Gulf states' maximum production capacity to about 405,000 tons annually.

The Bahraini minister of development and industry says that expectations indicate that the Gulf area's production of aluminum will rise from 300,000 tons in 1983 to 1 million tons by the beginning of the nineties, i.e., equivalent to 3 percent of the world's production. However, he points out that about 20 percent of the production, that is about 200,000 tons, will be marketed within the Gulf states, whose economic and industrial development will force them to consume more than 200,000 tons of aluminum products by the start of the nineties.

The Bahraini minister noted that the Gulf aluminum industry is headed toward integration, since Bahrain will soon be able to import the bauxite that is abundant in Saudi Arabia, while the milling plant's production will be dependent on Gulf markets, whose requirements are estimated at 60,000 tons of aluminum products.

He also mentioned a Gulf project currently being studied to build a factory for aluminum beverage cans in Saudi Arabia, with a capacity fluctuating between 30 and 50 million cans annually.

A conference was organized in 1981 by the Gulf Board for Industrial Investments, which issued recommendations pertaining to the Gulf aluminum industry. It expressed its satisfaction with the growth of the aluminum industry in the Gulf states but at the same time called for the need for coordination between Bahrain, the UAE and Iraq, especially in the area of marketing aluminum products.

On the Arab level, the decision has been made to increase Arab production from about 500,000 tons a year (in accordance with the maximum capacity of Arab plants) to about 700,000 tons. This will be done when the Syrian aluminum complex, with a capacity of 100,000 tons and the Libyan aluminum complex,

with a capacity of 110,000 tons, join the Arab aluminum producers club sometime next year. The object of establishing the two complexes was to export some of their products abroad, but this comes at a time when Egypt is facing difficulties in marketing its products in the European market.

The Arab aluminum producers' club consists of, in addition to Bahrain and the UAE, Egypt which is the biggest Arab producer of aluminum with a production in 1981 of about 160,000 tons annually, and Algeria with an annual production of about 140,000 tons. With the addition of Iraq, Syria and Libya, the club will be composed of seven members.

It should be noted that Bahrain, the UAE, Algeria, Iraq and Libya depend, in terms of their aluminum industries, on natural gas that is abundant in huge quantities, whereas Egypt and Syria depend on cheap electric power generated by the Aswan and Euphrates dams.

Studies made by the Arab Industrial Organization indicate that Arab aluminum production may fluctuate between 2 and 2.5 million tons a year in the nineties, in accordance with the growth rates of the Arab aluminum industry. However, the main obstacle is intense international competition. But, in this regard, it is believed that the Arabs have a greater ability to compete, in view of their abundant sources of energy.

It is expected that this matter will be a future subject for negotiations between the Arab states and the European group, since the Arabs would prefer to market the aluminum that they produce in the European Common Market.

7005

CSO: 4404/570



## URBAN DEVELOPMENT EXAMINED

Algiers EL MOUDJAHID in French 7 Aug 83 p 3

[Text] The recent decisions by the council of ministers aimed at regulating the hitherto anarchic growth of the large cities are going to make it possible to plan land use and development effectively.

Thorough studies have been made of the town of Constatine, including one by URBACO [expansion unknown] (formerly known as CNERU [expansion unknown]), and they have resulted in a extraordinarily ambitious project called "Constatine city planning group." This latter was established to look at the year 2000 in terms of satisfying the people's needs in housing, jobs, sociocultural infrastructure, water supply, transportation, etc. All this is part of the organized push for modernization.

Mr Abdelhamid Brahimi, member of the Central Committee, Minister of Planning and National Development, emphasized while on his working visit to the governorate headquarters that what is in question is neither a special program nor a crash program, but rather in-depth coordination between all sectors in order to insure that development in big cities like Constatine proceeds harmoniously.

The general outline of this urban renewal, being carried out in accordance with government guidelines, was described by the governor and could be summarized as follows:

Protection of agricultural land, refusal of the governorate to countenance the establishment of big industry--small and medium-sized industries are much preferred--elimination of the problem of illegal construction, total destruction of the shantytowns before the end of 1983, accelerated installation of socio-educational infrastructure, restoration of old neighborhoods, etc.

But the great objectives of the urban development plan--which has been submitted in turn for review and approval to the APC [Peoples Communal Assembly], the governorate executive authority, and the APW [Governorate Popular Assembly]—do not stop there.

In reality, the prospects envisaged are much more far reaching and take into account not only the current condition of urban areas but also demographic and economic trends and migratory movements in the medium and long term.

In addition, the PUD [Urban Development Plan] had to take into consideration the environment, spatial expansion needs of the various satellite communities that must form part of "greater Constantine" in terms of their natural and human potential as well as relations and links between the various systems (urban and inter-urban transit, AEP [expansion unknown] and sanitation, etc.)

#### A Glimpse of the Great Urban Complex

Although the "Constantine urban complex" will still go further modification, it is safe to say, first of all, that it will in the early stages extend for 30 kilometers and cover 80,000 hectares, and incorporate the communities of Constantine, El Khroub, Ain-Smara, Didouche Mourad and Hamma-Bouziene.

There is no doubt that these latter communities, which are themselves developing rapidly, will have to suffer through traumatic changes of the most diverse kinds.

Ain-Smara, for example, is expected to have an economic growth rate of 15.4 percent between 1983 and the year 2000, Didouche Mourad 11.11 percent and El-Khroub 9.57 percent. According to URBACO, industrial and housing projects on the books includes:

--An industrial zone that can employ 6,385 workers and a ZHUN [expansion unknown] of 4,872 housing units at Didouche Mourad.

--A ZHUN of 5,000 housing units near SONACOME [National Mechanical Engineering Company] and a ZHUN of 5,945 housing units at El-Khroub.

In terms of demographics, Constantine and Hamma-Bouziene will develop at a natural rate of increase for physical and economic reasons, as the area is saturated. Hamma-Bouziene, an agricultural community, also faces the problem of land preservation.

By contrast, the other communities in "Greater Constantine" will have to absorb the excess of "newcomers."

In absolute terms, URBACO estimates that population of the complex will double again, as it did between the years 1966 and 1982.

Relieving the congestion of the governorate capital will quintuple the population of El-Khroub, Ain Smara and Didouche Mourad.

Nevertheless, these towns will not be able to reabsorb the deficit [in housing, etc.] engendered by rapid demographic growth, particularly because of space limitations.

## New Cities

As the overall situation could reach a new crisis-point at some point in the future, the planners have started thinking of new solutions: the creation of new cities, especially since ZHUN's are being built at Boussouf, Djebel Ouahch and Sarkina, and about ten others are being considered for the period 1990-2000.

At the moment, consideration is being given to the idea of creating new cities on the Ain El Bey plateau (100,000 inhabitants) and at El Khroub (also 100,000 inhabitants) to absorb the excess population of the complex.

Merely to satisfy "Greater Constantine's" housing needs for the period from the present to the year 2000 will require the building of about 90,000 housing units, or an average of 5,500 housing units per year.

Simultaneously, a general improvement and reorganization of the governorate capital that is already under way will focus more sharply on total removal of the shantytowns and restoration of the old neighborhoods.

It should be noted, in that connections, that more than 400 existing houses are listed as "threatened" while another 5,000 could soon make the list.

In reality, the number of people who lack housing or have substandard housing in the old part of the city is about 60,000, and another 100,000 live in the shantytowns.

Some 28,000 housing units are needed just to take care of those individuals and there is a long-term need for 50,000 units.

The city's renewal project is going to get under way soon. It will start in the Bardo district, and gradually make its way downtown with major high-rise construction facilities. As Mr Abdelhamid Brahimi observed, "You could build 10,000 housing units on sites where only 2,000 are currently planned."

It goes without saying that all these development plans will have numerous repercussions in other areas, particularly with regard to communications facilities, transport, water supply needs, AEP, education, health, etc.

All these problems have also been the subject of scientific study and specific proposals, as the planning and development are proceeding from a holistic perspective in which diverse elements will be coordinated and harmonized.

In any case, the decisions the government has taken have been welcomed with interest and satisfaction by the people.

The size of the loans financing this renewal project the strengthening and unification of decision-making structures are going to bring a completely new dimension to the improvement projects in major communities like Constantine.

## APPROACHES TO REDUCING SHANTY TOWN PROBLEM DISCUSSED

Algiers ALGERIE ACTUALITE in French 11-17 Aug 83 p 5

[Article by A. Sayoud: "The Shanty Towns of Annaba: Point of No Return?"]

[Text] Bouhamra, El-Hadjar, Sidi Ammar, Sidi Salem...districts that illustrate the situation. Annaba can no longer count its hovels. It cannot keep track in counting; it is lost in its shanty towns. Forty thousand huts counted in the whole wilaya. It is a world of corrugated iron and mud walls. A record of a kind, but not very enviable, it is true. The capital, with its 20,000 or so shacks, would feel too proud. A bitter and sad reality, also a heavy burden. Annaba pays dearly for the huge size of its industrial centers and the fertility of its great plain.

Here, more than elsewhere, the phenomenon is developing at a rate to become a real affliction, and has a seriousness all its own. There has been a virtual flood of people moving to the city, resulting in an unlimited proliferation of substandard dwellings. There are reasons for this phenomenon. Everyone is aware of them: the city-country contrast, industrialization, rural exodus, and all the other factors that make the city a magnet. All the consequences are also well known: proliferation of shanty towns in the urban centers, substandard living conditions and social diseases. Annaba is not an exception to the rule, rather, it is a typical example.

However, beyond these well-known reasons, Annaba has experienced the phenomenon because of other factors relating to its spectacular development. As a border wilaya, it witnessed the return of the refugees in Tunisia in March after independence. This already marked the beginning of an accelerated creation of shanty towns. There was a period of stagnation until the 1970's, when industrialization gave a new impetus to the rural exodus, which had reached its low point when people were being moved from impoverished areas to the plain as part of the agrarian revolution. However, although there has been some easing of the phenomenon in the 1980's, it remains very real. Annaba continues to be a job-producing area, while the neighboring wilayas are experiencing stagnation in their labor market. People come from Tebessa, Guelma, and Oum El Bouaghi in search of a job. As many shacks go up as workers hired, a genuine chain reaction. Under these conditions, it becomes difficult to control the "burgeoning shanty town" phenomenon. It is also difficult to slow it down. Thus, isn't it time to think again about making job-producing investments in the region? It is one solution to consider



that would make it possible to reduce the human flow toward Annaba and hold people in their areas of origin.

In the meanwhile, Annaba lives with the problem. As part of the substandard housing campaign underway throughout the country, it is mobilizing its resources to combat this problem.

Get rid of shacks, yes, but how and by what means? The job is not like a single blow with the fist or a swordstroke.

The task is a necessity imposed by the country's alternatives. Earlier, the needs and priorities were of another dimension. Today, improved living standards and the "quality of life" are the demands of the hour, and the campaign against substandard housing has become a necessary task. Underestimated, and poorly comprehended, the shanty town phenomenon has assumed the vast proportions of a veritable gangrene for all the urban centers. It has thus become essential to administer a remedy for this situation.

To combat more effectively a disease, you have to know its causes. That is a basic rule. It is also an essential rule in dealing with shanty towns. In Annaba, before any action was taken, a study was undertaken to learn more about shanty town conditions and social composition. These are the results: 9,600 households in 11 "cities," and a few pockets within the urban area itself; 62,459 people (one-fifth of the town population) occupying more than 21,000 shacks, virtually a noose around the town.

A world apart? An environment of second-rate citizens? Despite the inadequate living conditions that are the feature of such places, and the lack of the facilities necessary for a genuine social development, the shanty towns of Annaba, despite not offering the conditions for a decent life, are yet not composed of dropouts.

A genuine heterogeneous environment, they contain a very diversified social grouping in which you will typically find the factory worker, bricklayer and street peddler rubbing shoulders. Many types from the most varied backgrounds. For many, the route of the shanty town is the last resort after knocking at the doors of all the housing organizations and finding all closed. For others, because of its particular characteristics, the shanty town becomes a teeming pond, a shadowy environment in which all kinds of illicit activities can begin and develop: trading of all kinds, raising of animals, saloons, and the world's oldest profession, all conducted by operators of all varieties. There lies the danger. In Annaba, one benefit of the campaign against shacks has from the outset been its attack on these evils. The campaign has made it possible to put an end to such activities and make life in the shanty towns more healthy and secure. Since 29 March, 5,200 shacks being used for these activities have been demolished throughout the wilaya.

In Annaba, the campaign against substandard housing is proving to be a long-term and very difficult project. The needs are very great and the wilaya's resources alone are not sufficient, particularly since very few of the shanty town residents are willing to return to their original homes and to work on

the land. Only 10 to 15 percent are interested in construction, and the majority withdraw into a waiting attitude. For the present, measures have been taken to prevent new construction, which had previously been occurring at the rate of five shacks a night.

In addition to the special program in prefabricated housing that has helped Annaba, enabling national companies to house their workers, there is another urgent program in this direction that should before long make it possible to bring the problem down to less dramatic proportions. This concerns the pockets within the urban area itself. In this case, it will be the employer organizers who will undertake the rehousing of their employees while resuming the construction of the agricultural villages, in order to attack the malady at its sources by encouraging and facilitating self-construction programs guided by the local organizations.

There is considerable interest in this new task. It is important to achieve the improvement without rushing things. In view of the shortage and inadequacy of resources in the housing field, it would be utopic to expect a miracle solution solely by the device of new construction in the wilaya.

Building and rehousing may be enough. However, it is also a matter of convincing the residents of the shanty towns to ultimately return to their original areas and work on the land.

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CSO: 4519/313



# FINANCE MINISTER INTERVIEWED ON CUSTOMS SITUATION

Cairo AL-AKHBAR in Arabic 11 Aug 83 p 3

[Interview with Minister of Information, Dr Salah Hamid by Jamil George: "The Minister of Finance in a Candid Interview with AL-AKHBAR. The True Dimensions for Imposing Customs Duty in Port Sa'id. Maritime Activity and Industrialization Return to the City"; date and place not specified]

[Text] In a work-filled day, during which Minister of Finance Dr Salah Hamid attended a meeting of the Ministerial Committee for Production, then met with the governor of Port Sa'id and with business representatives, then participated in a discussion with an IMF delegation and met with the Iraqi charge d'affaires, then with Director of Public Security Major General 'Abd-al-Halim Musa, former director of the Tax and Customs Enforcement office, I met with the minister.

[Question] On 26 August, a decree to collect customs duties on 13 commodities at the source in Port Sa'id was issued. What are the dimensions of this decree?

[Answer] The decree of Prime Minister Fu'ad Muhyi-al-Din was a first step following the understanding reached with Port Sa'id leaders about the means that would lead to support of the national economy and take into consideration the interests of the people of Port Sa'id as well. There are those who would be satisfied to see Egypt turn into a consuming country and see smuggling from Port Sa'id into the country. That is why we are proceeding along two basic lines: first, set restrictions on consumer goods, especially the provocative ones such as Gobelins tapestries, video sets, crystal, Morano glassware and cars listed in the decree; and second, seek to industrialize Port Sa'id so as to absorb the labor force.

## Docks for Ships

[Question] There are thousands who have left school and are now working in commerce after they had been receiving aid from the state. There are also those who have suffered due to the new canal diversion. At the same time, the crime rate has gone down according to security reports.

[Answer] The state is against unemployment and a rise in the pattern of consumption because the national economy is the goal and not [the interests of] a limited group. Therefore, we are studying a project based on the construction of ship docks in numbers soon to be determined and with guarantees that will prevent smuggling.

#### Why 13 Commodities

[Question] Why 13 commodities included in the decree?

[Answer] Because they are easy to smuggle. For example, a car enters Port Sa'id whose tires, battery, recorder, furnishings and antenna are changed, and sometimes clocks and lighters are put in; anything that is easy to carry without being easily detected. The other commodities that were not included in the decree are naturally not easy to smuggle and must be declared at the [port's] exits. This means that we are gradually moving towards subjecting the goods to customs duty at the source and this cannot be applied all at once. Another reason also is to provide employment opportunities for large numbers of people now dealing in clothing and cosmetics.

#### The Decree is Clear

[Question] What went on in your meeting with the Port Sa'id delegation?

[Answer] I found great responsiveness on their part and a sense of responsibility. I explained to them that no part of the prime minister's decree is revocable. Some were of the opinion that the deals that were already at the port the day of the decree's issuance should be re-examined. There were also differing concepts concerning the classification and method of taking stock of the inventory. Others asked that cars being brought in as demonstration models be exempted. I confirmed to them that the decree takes effect the day of its issuance and this is irrevocable.

[Question] But the decree was announced to customs on the 27th.

[Answer] The crucial date is that fixed by the decree.

#### Executive Decisions

[Question] The decree stipulated that the minister of finance would issue the instructions for implementation. When will they be issued and what are their outlines?

[Answer] The instructions are presently being prepared, and Husayn Amin, head of the Customs Administration, will meet with business representatives during the next 2 days after they present him with an inventory list. He will also answer all their queries and explain to them how fees are added to commodities included in the decree, and instructions for implementation will be issued 1 week later.

## Why Videos?

[Question] Why did the decree single out video sets among electronic equipment?

[Answer] Because the video set is the most provocative commodity in a developing country. The video set has become so miniaturized that it can be put in a lady's handbag and I consider it a cause of corruption for children who spend the whole day watching movies and neglect their studies. This is in addition to the fact that it has created problems between many families who own a video set and those who hope to buy one, as if it were a very vital thing!

## Seventy-seven Thousand Vehicles

[Question] Since last July, we have raised the customs duty on cars with a displacement of over 1500 cc's. How has this decision affected imports and customs revenues?

[Answer] It is natural that imports would go down following the issuance of the decree, but experience has proven that the rate goes back to where it was [before] after a short while. A case in point is that we have raised fees in the past and the result was an increase in the volume of imports from 33,000 to 77,000 cars during the period from 1980 to 1982. The strong demand is from those who have lots of money, but others think more than once about the car they can most afford.

## Customs for Foreign Service Personnel

[Question] During the visit of Prime Minister Fu'ad Muhyi-al-Din to Romania, some foreign service personnel raised the question of paying customs duty on cars in installments; and they also complained about the disappearance of some car parts when left at the port awaiting clearance.

[Answer] My idea, before meeting with Dr Fu'ad Muhyi-al-Din about distributing payment of customs duty over 3 years, is to get commercial banks to grant loans for this purpose to foreign service personnel at a suitable interest rate because the government is not thinking about reviewing the installment system. As for the disappearance of car parts, this complaint has vanished for good because the port authority and the warehouses have become responsible for the car upon taking receipt of it and are committed to returning anything that disappears. I am making sure of this commitment personally.

## A Thousand Pounds for You

[Question] New amendments in the tax law introduced a text that would allow the taxpayer to deduct 10 percent of his net income, not exceeding 1000 pounds, in compensation for expenses incurred from professionals such as doctors, engineers, lawyers or tradesmen. What kind of verifications are required when most professionals and tradesmen do not give receipts?

[Answer] The taxpayer has the right to verify in various ways, for example, a prescription issued by a doctor, or a stamped receipt from the hospital, or a

paper with an imprint from a car repair shop or a tinsmith or a painter. It is required that some kind of written proof be obtained so that it can be deducted.

#### The Computer and Taxes

[Question] The Ministry of Finance has adopted positive measures to use the computer to centralize the tax community and to complete customs procedures. Where will this lead?

[Answer] In the field of taxes, the computer has been used for advanced stages. The taxpayer's deduction and supplement forms have been recorded and an alphabetical list of their names has been prepared so as to identify the taxpayer's transactions and activities in the various governorates. There is also the national [identification] number that each citizen will receive and that will be put into effect by the Central Agency for Public Mobilization and Statistics this year. This number will be used in transactions related to taxes, customs, passports and insurance. The customs' computer will determine the price, kind, customs classification, date of arrival and date of clearance. We have had some problems which are on the way to being solved in cooperation with Minister of Electricity Eng Mahir Abazah. This is because, during my visit to the computer in Alexandria last week, there were three power failures, and each time we had to re-enter all the data all over again. Therefore, the minister of electricity has decided to install two lines to feed the computer, in case one line goes out.

#### The Nuhasah in Alexandria Customs

[Questions] There were complaints about slowness in clearing goods at Alexandria Port. How long will this continue?

[Answer] We have already put into effect the "Nuhasah" system [apparently some kind of token used to designate one's place in line] at customs, like the banks. When the citizen gets there, he is given a "nuhasah," after which all transactions are carried out without intermediaries. We have placed appraisers in every warehouse. However, some warehouses do not have electricity or capabilities and so I have agreed with the head of the port authority to solve these problems so that clearance would not be delayed for more than one hour. We have trained 200 appraisers, and a similar number is on the way. We have collected the prices of goods from their place of origin and from their catalogues and we shall publicize them. Prices will be fixed for at least 6 months, and penalties will be harsher on importers who provide false prices because the form will be fed into the computer. That is why we are asking the citizens to be honest in presenting the original invoices from their place of origin.

#### The Tax Department

[Question] Are you satisfied with the total revenues from taxes and customs?

[Answer] Absolutely not, because we could have greater return. I believe that the solution lies in developing the tax department and educating the taxpayers in their rights and obligations; in getting away as much as possible from



random assessments; and having tax officials explain to the taxpayer the laws so that he is convinced he is getting fair treatment. At the same time, we are presently developing the tax enforcement agency to do its part on the central and local levels.

#### No Recession

[Question] Some believe that we are living through an economic recession, and that the plan did not include investments for new projects. What is your opinion?

[Answer] The allocation of investments for open projects and the undertaking of operations to replace or modernize factories means that we are rushing time in order to increase production and get quick return from existing projects. I can't let a project operate at 50 percent capacity. Completion of projects will encourage the private sector to carry out other projects that supplement its activities. What we did in the previous phase when we used oil surpluses to import foodstuffs instead of investing them in production projects is proof enough. The past stage has changed peoples' tastes and has made us neglect production. We have killed the national industries. Can anyone believe that import volume went up 100 percent during the period from 1970 to 1980? Yet, we are not against importation but, rather, the plan aims at increasing imports at an annual rate of 4 percent, while giving priority to production requirements, raw materials and machinery, instead of importing provocative commodities that have had a social impact. The rush to import in the past has created great fortune for some. Therefore, the government is now concentrating on reducing the issuance of means of payment such as the printing of banknotes which reached 43 percent in 1980, causing inflation; now it is no more than 15 percent. It also reduced credit rates to be consistent with production goals and limit imports. The results were very good during the first year of the plan by any standard and by the testimony of international organizations.

#### First, the Citizen Must Give

[Question] Is it true that we are a consumption-oriented people? And why hasn't the citizen felt the drop in the rates of inflation in light of the achievement you are talking about?

[Answer] The improvement in the standard of living notwithstanding, indicators confirm a rise in per capita consumption of wheat which has gone up from 80 to 189 kilos, while, in the world as a whole, when the standard of living goes up, wheat consumption goes down. Our consumption of electricity has also increased at a rate of 15 percent, and of petroleum at a rate of 20 percent. That is why I say that we are living beyond our means. Our appetite for food is great and we are the cause of higher prices, especially those who have amassed wealth. The problem yet to be solved is that people are not producing and there is a lot of money going around, hence, supply is less than demand. The remedy is increased production and moderate consumption, and this can only be achieved through discipline, but, first, the citizen must give.

Statistics Say:

- The volume of Port Sa'id imports amounted to 1,199,700,000 pounds. Customs duty has been paid on only 93 million of that and the rest is either inside the city or its warehouses or has been smuggled outside it. This took place from 1976 to 1983.

- The value of confiscated clothes and commodities concealed by visitors to Port Sa'id amounted to 19.9 million pounds with 25.4 million pounds of customs duties due on them.

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PEOPLE'S ASSEMBLY PASSES LAWS ON TOURISM, ANTIQUITIES, CURRENCY

Cairo AL-AHRAM in Arabic 18 Jul 83 p 6

[Article by Mahmud Mu'awwad, 'Abd-al-Jawad 'Ali and Sharif al-'Abd]

[Text] The People's Assembly, under the chairmanship of Dr Sufi Abu Talib, yesterday passed four laws concerning tourism, antiquities and commemorative coins. The laws call for the creation of a union of tourist guides who will be banned from engaging in business, debating political or religious affairs, drinking alcohol or gambling. They also call for regulation of the tourist companies in order to establish control over their activities. The laws also require existing tourist companies to amend their regulations within 5 years; otherwise the minister of tourism will be empowered to cancel their permits. Any structure built by a civilization more than 100 years ago is considered an antiquity and archeological sites may be expropriated in accordance with the general regulations. No citizen will be compelled to accept coins exceeding 5 Egyptian pounds in value of any disfigured coins or coins lacking in weight.

At the start of its session, the assembly approved a bill amending some provisions of the law regulating tourist companies with the aim of achieving full control over these companies' activities, revealing the true dimensions of the activities of the Egyptian tourist companies and enabling the Ministry of Tourism to establish strict control over the services that the tourist companies offer tourists.

The amendment stipulates that no tourist company may operate before it acquires a permit from the Ministry of Tourism, that the company must have an Egyptian citizen as manager, that the minister of tourism may license foreign firms to open branch offices in the republic in return for reciprocal treatment, that such a company be bonded for 100,000 pounds, that the tourist companies notify the Ministry of Tourism of the tourist programs they organize and that a tourist company's activities be stopped if it is engaged in such activities without a permit or if it sends tourists abroad in excess of set limits or if the company's activity fails to amount to twice the size of its capital by the end of the first 3 years following the enactment of this law and the first 3 years following the initiation of activity by companies licensed after this date.

The amendment further stipulates that those companies in existence upon the enactment of this law must reorganize within 5 years or the minister of tourism may issue a decree, with causes explained, cancelling their permits. The existing companies must also reorganize their financial structure at the end of the first 3 fiscal years following the enactment of this law, or the minister of tourism is empowered to issue a decision, with causes explained, revoking their license.

The assembly then approved the complementary report submitted by the cultural committee on the bill to protect antiquities. The bill stipulates that any realty and any movable property produced by the various civilizations or created by the various arts, sciences, literatures or religions in the pre-historic era or in the successive historical eras up to 100 years ago shall be considered an antiquity if it has an archeological or historical value or importance as a manifestation of the various civilizations that have arisen on Egypt's soil or that have had a historical connection with these civilizations. This includes the mortal remains of the races accompanying those civilizations.

The bill also stipulates that all antiquities shall be considered public property. Antiquity dealers shall be granted a 1-year period of grace to get their affairs in order and dispose of what they have. Archeological land may be expropriated temporarily in accordance with the general regulations and archeological sites must be taken into consideration when changing city, village or quarter planning. The bill calls for a stiffening of the penalties for violation of its provisions, especially if the violators are people working in or supervising antiquities, if they are workers or employees of excavation missions or if they are contractors working for the [antiquities] authority or the workers of such contractors.

The cultural committee, headed by Dr Suhayr al-Qalamawi, asserts in its report that since the promulgation of law No 215 of 1951 for the protection of antiquities (i.e., more than 30 years ago), numerous changes have developed in this sphere and have had an obvious impact on many archeological concepts and data. With the promulgation of this law, the Egyptian Antiquities Department was Egyptianized for the first time in its history since it was established in the last century. This department was headed alternatively by French and British archeologists until 1952 when Egyptian archeologists took over this department, thus taking responsibility for preserving the Egyptian archeological heritage. The antiquities issue then began to develop into a national issue gradually attracting ever-broader public interest, and has now reached the point where it is necessary to secure more effective legal protection for the antiquities than the present legislation provides.

Therefore, there is a dire and urgent need to issue a new antiquity-protection law that keeps pace with the developments and changes that have occurred over the past 32 years. This is necessitated by the growing archeological awareness at the national level. With this awareness, the issue of concern for the antiquities and of exerting every effort to protect them has come to preoccupy the minds of all those concerned with antiquities and of other citizens. This makes it necessary to safeguard these antiquities and to replace the present

legislation by new legislation because the present law is incompatible with and does not keep pace with the age in which we live. Moreover, the trade in antiquities could constitute an imminent danger to this national wealth. In addition, the present law permits the private ownership of antiquities without adequate restrictions and this is likely to result in damaging consequences to the private archeological collections, not to mention depriving the public of this national wealth. The penalty stipulated in the present law for those who commit violations against these antiquities consists of a prison term of no less than 3 months and no more than 2 years or a fine of no less than 10 pounds and no more than 100 pounds or both. This light penalty has opened the door to whomever wishes to encroach upon lands containing antiquities to do so. Countless crimes have been committed under the canopy of this law. These are crimes committed against Egypt and against its history.

In view of all this and in response to the repeated recommendations of the committee, the government has submitted the present bill for the protection of antiquities in order to deal with the changes and developments that have cropped up in the wake of changes in the archeological field, with the growth of national archeological awareness and to deal with the gaps existing in law No 215 of 1951 for the protection of antiquities.

The bill bolsters and enhances the protection needed for the antiquities. This needed protection is not provided by the current legislation, whose provisions are incapable of keeping up with developments in this sphere. Rather, keeping the present legislation is likely to cause grave damage to the national wealth.

#### Tourist Guides Banned from Engaging in Political Debates

The assembly also approved the bill concerning tourist guides. This bill prohibits these guides from engaging in business or acting as middlemen and from accepting any commissions or gifts from businesses. The bill also prohibits tourist guides from pursuing their activities in military zones, border area or customs zones without a permit. It also prohibits them from engaging in debates on political or religious issues, from drinking and from gambling. The law permits the creation of a union for the tourist guides.

The assembly also approved the new bill concerning the Egyptian currency. The bill authorizes the minister of finance to introduce new denominations and abolish existing denominations after consultation with the Council of Ministers. The technical specifications of the currency denominations are to be set according to the minister of finance, with the approval of the Council of Ministers. The law makes it illegal to force anyone to accept coins exceeding 5 pounds in total value or to accept disfigured or defaced coins or coins lacking in weight.

This law abolishes law No 25 of 1916 concerning the currency system in Egypt, law No 150 of 1955 on the issuance of commemorative coins and law No 58 of 1976 issuing commemorative currency on the occasion of 15 May 1971.

The assembly will resume today.

# MELON SHORTAGES, PRICING PROBLEMS DISCUSSED

Cairo AKHIR SA'AH in Arabic No 2539, 22 Jun 83 p 22

[Article by Tuhami Muntasir: "Every Season's Problem: Official Price Appears, Watermelons Disappear; Ministry of Agriculture Rejects Pricing and Ministry of Supply Insists on It"]

[Text] Watermelons have become every season's issue. As soon as an official price is set for them, they disappear, people cannot find them and they become a scarce commodity and enter the black market.

In the watermelon market, numerous sides exchange accusations. The farmer has his opinion, the wholesaler has a different opinion, the Ministry of Agriculture objects, the Ministry of Supply insists on an official price and the consumer is the victim. The reports show a sharp decrease in the area cultivated with watermelons and the experts expect that we will import watermelons just as we import American apples.

It is every season's issue: Set prices appear and water melons disappear. What are the facts?

With the onset of each season, talk surfaces about watermelons, a commodity in which numerous problems and crisis are encountered. One time, watermelons disappear, another time their prices rise and at yet other times the quality of the supply available in the market is poor. This is in addition to other problems, such as the very sharp drop in the area cultivated with watermelons--a drop of 55 percent--and the fear that the watermelon crop will disappear because many farmers stop planting them.

To start with, I met a farmer in the village of Kawm al-Barakah, in Kafr al-Dawwar District, al-Buhayrah [Governorate], and asked him about his experience with the cultivation of watermelons.

Shaykh 'Ali Abu Sayf Hamidah [the farmer], said:

Cantaloupes and watermelons are crops that cost a lot and require intensive labor and effort. The costs for a single feddan total 2,000 pounds or more. For example, since the insane rise in labor wages, a single feddan requires labor costing 450 pounds plus organic fertilizers and other materials costing 300 pounds. Add to this 100 pounds for pesticides, keeping in mind



that the rent per feddan is nearly 200 pounds annually, that hoeing and weeding cost 90 pounds per feddan and that picking the fruit and getting it off the land costs 170 pounds. With all these exorbitant costs, the average production per feddan is 15 tons, which is sold for only 1,000 pounds. This is for the dryland watermelon crop. As for the irrigated type, the cost per feddan is 500 pounds and the average production per feddan is 10 tons sold for 530 pounds. So where is the profit?

#### Farmer Is Done Injustice

From the city of Isma'ilia--the mother of watermelon and cantaloupe cultivation--we proceeded by car on an hour's tour of the green fields that were totally devoid of the Isma'ili watermelons and cantaloupes that are famous for their sweetness. Our observation was that only small and scattered patches in various parts of the governorate were cultivated with watermelons.

In one of the fields, I stopped to talk a farmer Sayyid Hamdi, chairman of the Watermelon Farmers Union in Isma'ilia, and asked him about what is behind the crisis. He said:

The farmer is done an injustice. When the crop ripens and we start to harvest it, we are surprised by decisions blocking the governorate's exports so that no watermelon or cantaloupe loads may leave. As a result, supplies increase and when a farmer's crop is not chosen, that farmer falls easy prey to the retailer because the supply is greater than the demand. In the face of the pressure exerted by the retailer, the prices drop and the farmer is forced to sell his crop at a price that pleases the retailer, otherwise his crop perishes and the farmer sustains a 100-percent loss.

#### Poor Marketing Also

Farmer Sayyid Hamdi, chairman of the Watermelon Farmers Union in Isma'ilia, added:

What has happened in recent years requires a responsible decision and an alert watch. Last year, for example, the governorate decided to gather the entire crop in one center and then selected a number of samples haphazardly, through inspectors from the Ministry of Supply, and presented them for sale at the governorate market at the compulsory price of nearly 200 pounds per load, at the same time banning the departure of the crop from the governorate. Here, two problems surfaced:

First, the governorate purchases the load for 200 pounds whereas the cost of producing the load is 400 pounds or more.

Second, gathering the crop in one center means that the supply will exceed demand astronomically and, as a result, prices will drop and will fail to cover the costs.



### Wholesaler Is Greedy

We were eager to present all aspects of the problem faithfully and AKHIR SA'AH proceeded to Rawd al-Faraj market where the wholesaler is the link between the producer and the consumer and one of the parties concerned with the problem. There I was met by Rifa'i Muhammad Hasan, a retailer who is chairman of the General Association of Food and Vegetable Retailers. He said:

In all commodities, the consumer is the one who shoulders all the burdens and pays the cost. The consumer is the victim of the wholesaler and of the pricing committee that issues the bureaucratic decision without going to the spot to familiarize itself with the situation of the producer, the wholesaler and the retailer. Should this committee take a stand, it is always in favor of the wholesaler because it gets data not in line with the truth and with reality. Yet, there are principled wholesalers who tell the truth. Such people are, of course, as far as can be from the pricing committee because they are honest.

But greed fills the hearts of the majority of the wholesalers. Some of them get the highest margin of profit and, consequently, the farmer and the retailer lose. Let me give you an example:

The wholesaler collects 25 piasters for every 33 kilograms in the form of a (selling fee) in addition to the commission he collects from the retailer. He also collects 5 piasters as honorarium for his workers and 15 piasters for handling, even though his workers do not do the carrying but hire young children to do the work for 10 piasters, thus collecting 5 more piasters in addition to the 5-piaster honorarium. This is done under the eyes and ears of the wholesaler, who then collects the difference from his workers to pay for social security and savings instead of paying this money from his own pocket. Is this fair?

### Just a Middleman

The wholesalers refute this accusation. Muhammad 'Abd-al-'Al says on their behalf:

All that is rumored about the wholesaler being behind the disappearance and appearance of watermelons in the market or about his being behind the rise in watermelon prices is untrue. As a wholesaler, I am just a middleman between the producer and the retailer, meaning that I offer the producer the capital in return for 5 percent of the production. The producer is content with this, or how else would you interpret his interest in this arrangement? Anyway, the compulsory price is a sword hanging over my head rather than the farmer's head. The farmer usually evades the compulsory price. If the compulsory price is issued early, the farmer refrains from shipping his crop to the market for fear of loss and proceeds to sell it on public roads and on bridges far from the officials' watchful eyes at prices that cover production costs and leave him with a reasonable profit, while I keep waiting (for my share of the crop in return for supplying the capital). Ultimately, we both go to court to let the judiciary settle the issue.

## Pricing Is Cause of Crisis

Eng 'Abd-al-Halim Sayyid 'Abd-al-Halim, chairman of the Vegetables Marketing Association, says:

The unfair compulsory price is behind the crisis. Abandon compulsory pricing and the country will drown in watermelons. If the price were permitted to float freely according to supply and demand, watermelons would not disappear from the market. As soon as the compulsory price shows its face, the commodity disappears the following day. I propose to the Ministry of Supply that the compulsory price be set over 3 periods, i.e., every 3 days, according to the strength of the production and the volume available in the market.

Hasan 'Ali Khadr, a retailer, says:

If the compulsory price is imposed on me, I am compelled to abide by it. I buy through auctions and the wholesaler charges me 3 percent as a selling fee. Then figure how much it costs to transport the commodity to my shop, keeping in mind that transporting a truckload from Rawd al-Faraj to Kubri al-Qubba costs no less than 10 pounds. Add to this the breakage and damage, whose cost is not incurred by the wholesaler because I buy in bulk from auctions. How can I avoid this loss and realize a margin of profit that will support my children and family? The compulsory price is unrewarding. It is mercilessly unfair.

## We Will Not Lift Compulsory Price

I carried all these complaints to the Ministry of Supply and there met with the chairman of the Control and Pricing Committee who said in defense of the compulsory price:

I am against those who want to abolish the compulsory price because it is fundamentally in the interest of the producer and then the consumer. The producer always prefers the compulsory price as long as it rewards him. The same goes for the consumer. The compulsory pricing of the commodity protects the consumer from the exaggeration of the merchants and their price deviations. This is always seen in the big difference in the price of a commodity before and after it is priced, with the difference varying from place to place by more than 100 percent. Moreover, it is noted that most of those who charge excessive prices are wholesalers and retailers.

Discussing the ministry's pricing policy this year, the chairman of the Control and Pricing Committee added:

Dr Muhammad Naji Shatlah, the minister of supply, has issued a decree stipulating that the watermelon's compulsory price become effective in all of the republic's governorates as of Saturday, 4 June 1983. In fact, compulsory prices for various types of watermelons were set after consultations and agreement with representatives of the producers, the wholesalers, the retailers and the Democratic National Party's pricing committees. The prices were set as follows:

For all types of round American watermelons, the price was set for the consumer at 70 mils for watermelons weighing less than 4 kilograms, 120 [sic] mils for watermelons weighing 4-5 kilograms, 120 mils for watermelons weighing 5-6 kilograms and 200 mils for watermelons weighing more than 6 kilograms.

For all types of oval-shaped American watermelons, the price was set for the consumer at 80 mils for watermelons weighing 6 kilograms or less and 90 mils for watermelons weighing more than 6 kilograms.

For all kinds of local watermelons, the price was set for the consumer at 40 mils for watermelons weighing 6 kilograms or less and 50 mils for watermelons weighing more than 6 kilograms. Moreover, the ministry decided to increase the supply and to adjust the price compared with last year.

#### Ministry of Agriculture Against Pricing

Sayyid Nassar, Ministry of Agriculture undersecretary, said in reply:

The compulsory price is behind the disappearance of watermelons and cantaloupes, whether in terms of reduced acreage [cultivated] or in terms of the disappearance of the commodity from the market and its emergence in the black market. I believe that the issue is one of supply and demand. Besides, the compulsory price is disregarded from Alexandria to Aswan.

I demand that the compulsory price be lifted so that watermelons will resurface in the market and so that the selling process be allowed to float freely according to supply and demand. We will thus guarantee the availability of watermelons throughout the season. The consumer who can afford the price of the top quality will buy it and the one who can afford the price of the second best quality will buy it. The compulsory price has angered everybody. The consumer who is able is happy with the compulsory price and pays more than this price to get good-quality watermelons and the consumer who has not the wherewithal cannot get this quality by virtue of the compulsory price.

Solution Is...

According to Dr Sayyid Nassar, undersecretary in the Ministry of Agriculture:

[The solution lies in] forming a voluntary union of producers to market the crop and do what is necessary to insure that a profit is reaped by the producer and not others. But the fact is that we need to reexamine the system of marketing so that we do not reap thorns from roses and do not plough the water every year.

8494

CSO: 4504/456

## MINISTER OF TRANSPORT REVIEWS PORT DEVELOPMENT

Cairo AL-JUMHURIYAH in Arabic 27 Jun 83 p 6

[Text] Eng Sulayman Mutawalli, minister of transport, communications and maritime transport, announced at the inauguration ceremony for the first phase of the project to build the new al-Adabiyah Port in Suez that the state plan to develop Egyptian ports and enhance their capability and to add new ports to keep pace with the growing foreign trade traffic resulting from the comprehensive development activities extending over every part of the homeland to enhance the standard of living and secure a better life for every citizen--this state plan calls for developing the piers of Alexandria Port, building a new port in al-Daklah, building a new container pier in Port Said, building a new port in Damietta, building new piers in Safaja and fully developing al-Adabiyah Port.

Eng Sulayman Mutawalli added: The completion of these projects, for which the government has secured all the required investments and resources, will, by the end of the plan, enhance the ability of Egyptian ports to handle the foreign trade traffic with the requisite efficiency and will end the negative aspects from which we have suffered for many years, such as:

The high fares charged for goods destined for Egypt due to the accumulation of goods in the ports and the long waiting periods required for unloading ships, thus causing the state to incur penalties generated by the delay of ships waiting to dock.

The irregular delivery of needed consumer goods, production requirements and [words illegible] equipment.

#### Developing National Fleet

The minister of transport, communications and maritime transport also said: The development of Egyptian ports is coupled with developing the Egyptian national fleet, considering that the current 5-year plan calls for raising the fleet's load capacity, including the private and the public sector, from 520,000 to 1.1 million tons. Contracts have been concluded for 90 percent of the added tonnage and the delivery of the ships and their



introduction into service have started. Development of the ports and the fleet helps to enhance the standard of maritime services, such as loading, unloading, storage, imports and the maritime agencies. At the same time, advanced training programs for all workers engaged in maritime activities are now being implemented in order to catch up with scientific progress and to graduate skilled cadres capable of dealing efficiently with the modern equipment on these ships.

#### 7.5 Million Pounds

The minister of maritime transport explained: The project whose completion we are celebrating today is one of five piers in al-Adabiyah Port with a total length of 1,027 meters and a draft of 42 feet. Work is in progress on these piers so that they will be completed in succession and permit the docking of ships with a load capacity of up to 60,000 tons. This project will cost 10 million pounds. This is in addition to a grain pier equipped to load and unload grain mechanically. This pier will cost 7.5 million pounds and will be completed next month.

In Safaja Port, a deep pier for grain will be completed in 3 months, and it will be able to accommodate ships with high-load capacity. This project cost 4.5 million pounds. A few days ago, the port received a ship with a load capacity of (320,000) tons, the biggest ship to ever enter Egyptian waters. This ship has already been unloaded. Egyptian ports have thus entered a new phase in accommodating giant ships, with the ensuing benefit for the national economy--a benefit embodied in reduced maritime fares, in rapid unloading rates and in the fast and regular delivery of Egyptian imports.

Concluding his address, Eng Sulayman Mutawalli said: The signs of improvement, with the subsequent results they achieve, are appearing in the ports. Reviewing the first 9 months of the current fiscal year compared with the corresponding period last year, we find that commodity traffic in al-Adabiyah Port has risen by 40 percent, that the penalties for delay in the Red Sea ports have been eliminated and that the penalties for delay in Alexandria Port and Port Said have been cut 35 percent.

#### Ports Are Fundamental Mainstay

Maj Gen 'Abd-al-'Aziz (Sulayman), chairman of the Red Sea Ports Authority, delivered an address in which he said:

[Words missing], and the Red Sea ports in particular, have the attention of Eng Sulayman Mutawalli. Total investments allocated for the Red Sea ports in the 5-year plan amount to 69 million pounds. The implementation of this plan will raise al-Adabiyah Port capacity to 12 million tons of goods. This expansion and this increase will generate nearly 15,000 job opportunities for Suez inhabitants. Maj Gen 'Abd-al-'Aziz Sulayman added that the Port of Suez is distinguished from the other ports of the republic by:



The availability of drafts for ships with loads of up to (60,000) tons.

The presence of distinct routes leading from the port to the interior of the republic, such as the Cairo-Suez desert highway and the railroads. As we know, there are four main phases for developing al-Adabiyah Port:

The first phase will end by the middle of 1984 with the construction of five piers permitting five ships to dock [simultaneously] and make it possible to handle 5 million tons of general goods and food supplies annually.

The second phase will end in 1985 with the addition of 2 million more tons to the port's capacity.

The third phase will end in 1987 and will raise the port's capacity to 9 million tons of goods.

The fourth phase will raise the port's capacity to 12 million tons annually. When the development of this port is completed, the pressure on the republic's other ports and on Alexandria Port will be alleviated.

As for the next 5-year plan, al-Abadiyah Port will be able to put an end to the phenomenon of accumulation in our ports when this plan is completed.

#### Efforts of Workers of al-Nil Roads and Bridges Company

Eng Mahmud 'Awni Muhammad, chairman of the Board of Directors of al-Nil Public Roads and Bridges Company, which implemented this project, spoke on the occasion, saying:

We celebrate, with pride in our hearts, completion of the first phase of one of the most important projects built by the Red Sea Ports Authority--one of the authorities controlled by the Ministry of Transport, Communications and Maritime Transport. The efforts of this company's workers in building this new bastion in al-Adabiyah Port have added to Egypt's ports a port characterized by its size and its ability to accommodate the enormous volume of exported and imported goods that increases in size day after day.

#### International Bidding

The contract to develop the port was awarded to al-Nil Public Roads and Bridges Company for 17 million pounds after international bidding in which international and local companies participated.

Eng Mahmud 'Awani Muhammad, the company chairman, gave a brief description of the project: The project is tantamount to a pier with a 42-foot draft and a total length of 910 meters. It has been built with concrete blocks, in stages.

### Minister of Transport Inaugurates First Phase

The chairman of al-Nil Public Roads and Bridges Company said: The first phase, whose completion we are celebrating, is 250 meters long and will accommodate ships with a load capacity of 50,000 tons. This phase involved dredging 1.12 million cubic meters to clear the site and to reach the required draft of 42 feet--13 meters--building 20,000 cubic meters of foundations on which to lay the concrete blocks--the latest marine [word illegible] and latest diving systems were used for this work--and pouring and laying concrete blocks weighing up to 125 tons each with a total volume of 30,000 cubic meters. The latest cement mixers were used to produce these blocks, which were sunk in place by Egyptian divers. This phase also used 275,000 cubic meters of fill and 5,000 cubic meters of paving for the pier. The company will build the remaining piers of the second and third phases, bringing their total length to 910 meters.

God willing, the company will complete the work, crowned with excellence and good performance, by the end of June 1984, the date set for completion of the project.

### Eighty-Five Percent of Work Volume

Eng Mahmud 'Awni Muhammad added: In addition to the above, a grain pier 150 meters long with a draft of 42 feet is being built using the system of metal (covers). It is a great honor to announce that 85 percent of the scheduled work has been completed and that the pier will be fully completed on schedule--the end of June 1984.

8494

CSO: 4504/456

## VARIOUS ASPECTS OF ECONOMY REVIEWED

## Petroleum Situation

Doha DIYARUNA WA AL-'ALAM in English No 92, Aug 83 pp 5-9

[Text]

Oil is the most important commodity produced by Libya. It accounts for 99% of the country's export earnings and almost half of the real gross domestic product (GDP). The current five-year plan was designed in 1980 when Libyan oil fetched the premium price of \$41 per barrel as did other low sulphur content African crudes. Production at an average of 1.8 million barrels per day (b/d) brought in \$22,000 million for that year. Expecting revenues to remain at this level, the Libyan government planned to spend \$65,500 million over the five years from 1981 to 1985.

### Sisters Squeeze Oil King

The exploitation of oil began with the petroleum law of 1955 which had been drafted with the help of the oil companies. The areas' potential for oil had been known for some time and exploration had already begun under the guidance of the Mineral Law passed in 1953. This allowed nine oil companies to begin geological surveys. The government of King Idris sought the oil companies' help in formulating the 1955 Petroleum Law. The advice given was however, weighted in favour of the oil companies rather than the country's oil resources.

The law opted for equal shares of the profits through a 50% tax plus a royalty of 12.5%. However, the tax and royalties were tied to income rather than posted prices. This allowed the oil companies to sell the oil through subsidiaries at rock-bottom prices thereby cutting the Libyans out of a fortune.

The situation was aggravated in that as the law stood, no changes could be made without the consent of the oil companies. Two years later (1957) Esso Libya struck oil in south-west Fezzan, although, the Sirte basin later became the principal producing area. By 1961 oil exports had begun expanding quickly and the oversights in the 1955 Petroleum Law came to light. By 1969 Libya was one of the world's major producers - ranked fourth

amongst Middle East producers. The oil companies operating under favourable terms pushed production up to 3.32 million b/d in 1970. The new government saw that this was too fast a rate of exploitation, since then annual production has rarely risen above 2 million b/d.

### Fair pricing

One of the first responses of the new revolutionary government was to accept the 12.5% royalty in oil, an option the previous government had not taken up.

The government renegotiated the posted price of oil, usually set by the oil companies. Initially they were brought in line with prices elsewhere, thereby obtaining the benefits of the country's advantageous transport situation, close to

European markets. During later years Libya indicated the way to using the bargaining strength of the Organisation of Petroleum Exporting Countries (OPEC) effectively.

After the success with the price negotiations the state set about nationalising or taking a controlling interest in the foreign oil companies. In the cases of BP/Bunker Hunt and Atlantic Richfield, the

Pipeline	Owner or Operator	Length Miles	Diameter Inches
Naser/El Brega	NOC	107	36
Raguba/Km. 110	NOC	55	20
Jebel/Naser	NOC	21	24
Arshad/line 36"	NOC	10	4
Gialo/Waha	Oasis/NOC	94	30
Defa/Waha	Oasis/NOC	21	30
Waha/Es Sider	Oasis/NOC	267	24
Samah/Dahara	Oasis/NOC	114	32
Dahara/Es Sider	Oasis/NOC	86	30
Bahi/Dahara Es Sider line	Oasis/NOC	29	20
Augila/Intisar A	Occidental/NOC	41	24
Intisar D/Intisar A	Occidental/NOC	15	40
Intisar A/Zuetina	Occidental/NOC	132	40
Amal/Ras Lanuf	Mobil/NOC	170	30/36
Km. 46/Ras Lanuf	Mobil/NOC	141	36
Joint Beda/Joint El Saida	Mobil/NOC	85	24
Hofra/Joint El Said	Mobil/NOC	35	24
Marada/Ora	Mobil/NOC	51	10
Joint El Saida/Ras Lanuf	Mobil/NOC	55	30
El Deeb/Hofra	Mobil/NOC	44	10
Frood/Hofra	Mobil/NOC	11	6
Nafora/Amal	Arabian Gulf	2 x 32	20/32
Kotla/Beda	Arabian Gulf	14	10
Dor/Kotla	Arabian Gulf	18	6
Beda/Joint Ora	Arabian Gulf	17	14
Butiffel/Intisar	Agip/NOC	85	30
Sarir/Tobruk	Arabian Gulf	319	34
Mansour/Beda	Aquitaine/NOC	32	8
Magid/Nafora	Aquitaine/NOC	65	14
Umm Farid/Hofra	Arabian Gulf	18	6

Source: O.APEC Annual Statistical Bulletin 1981

NOC took complete control. The NOC was formed in 1970 as a successor to the Libyan General Petroleum Corporation with a brief which covers the whole range of activities in the petroleum industry. Despite the government's view of the oil companies' behaviour over the past decade, complete nationalisation was not a realistic or beneficial option for the state. For the oil companies still had that vital resource, know how.

Strangely the NOC did not take any interest in Exxon's liquefied natural gas plant at Mersa El Brega. The plant was due to supply gas to ENI and Catalana de Gas in Spain, although shipments declined in 1980 due to pricing disputes. The plant had suffered from technical and financial difficulties which perhaps made the NOC wary. The plant is now run by the state oil company Sirte Oil Company along with Exxon's other assets, and supplies the local petrochemicals industry with a feedstock.

### Shifting markets

The world slump in the demand for oil in 1981 which continued through 1982, has had a significant impact on the economy as a whole and the oil industry in particular. Production in the last quarter of 1981 fell to an average of 600,000 b/d, a third of its level in 1980, and did not rise from this until midway through 1982. As a result, revenues tumbled from their \$22,000 million peak to \$14,000 million in 1981 and continued to fall, albeit at a slower rate, to \$12,000 million in 1982.

During this period there has been a marked shift in Libya's export markets for crude oil and oil products. Throughout the 1970's the USA was a major purchaser of Libyan oil accounting for as much as 40% of output. After that time American refiners began to reduce their liftings of African oil in general buying only 30% of Libya's output in 1980. Several factors were at work; firstly the high price of African oil put many customers off even with more favourable transport costs over Middle East producers, and secondly the installation of catalytic reformers at American refineries has enabled them to

Refinery Product	Brega		Zawiya		Total 1979		Total 1980		Annual Change %
	1979	1980	1979	1980	%	Volume	%	Volume	
L.P.G.	-	-	0.7	0.9	0.7	0.7	0.8	0.9	28.6
Super Gasoline	-	-	9.1	10.0	9.3	9.1	9.2	10.0	9.9
Regular Gasoline	-	-	0.6	2.2	0.6	0.6	2.0	2.2	266.7
Naphtha	3.0	1.4	9.1	9.3	12.3	12.1	9.9	10.7	(11.6)
Kerosene	-	-	13.2	15.5	13.4	13.2	14.3	15.5	17.4
Gas Oil	1.9	1.0	21.9	24.8	24.2	23.8	23.8	25.8	8.4
Fuel Oil	3.3	1.6	35.6	41.7	39.5	38.9	40.0	43.3	11.3
Total	8.2	4.0	90.2	104.4	100.0	98.4	100.0	108.4	10.2

Source: OAPEC 8th Annual Statistical Report



use heavier crudes with a higher sulphur content which command a lower price.

#### U.S. relations deteriorate

Later that year (November 1981) Exxon announced that it had decided to wind up its operations in Libya completely – the company had not been lifting any oil for some months prior to this. The two Exxon subsidiaries in the area Esso Standard Libya and Esso Sirte lifted some 145,000 b/d in 1980 of which Exxon's share was 60,000 b/d under the equity terms with the country's National Oil Corporation (NOC).

The NOC was upset by these developments and regarded Exxon's actions as a breach of contract. However, in order to maintain good relations with other oil companies operating in Libya the government arrived at a quick settlement with Exxon over compensation for Exxon's oil and gas assets. Both Esso Standard Libya and Esso Sirte and the wholly Esso owned Liquefied Natural Gas (LNG) plant at Mersa El-Brega have been transferred to a new state company, Sirte Oil Company, for a cash payment of \$95 million. Although this is somewhat lower than the estimated book value of \$123 million Exxon has done rather well considering the nature of its departure.

At the same time Mobil announced that it was reviewing its involvement in Libya. In the summer of 1982 the company said that it would stay, however, in February this year the company changed its mind and announced that it also would cease operations in Libya. The company also said that it would be seeking compensation not only for the fixed assets it left behind but also for lost revenues. However, the German oil company Oel Veba which is also part of the same concession says that it has no plans to cease operations and will maintain its 13% holding.

More significant has been the general deterioration in trading relations with the USA. All crude imports from Libya have been banned and there is an embargo on the export of American high technology

REFINERY CAPACITY THROUGHPUT AND PRODUCTION			
Year	Capacity	Throughput	Production (1,000 b/d)
1968	10.0	10.0	6.8
1969	10.0	10.0	7.9
1970	10.0	8.7	8.7
1971	10.0	7.7	7.7
1972	10.0	8.6	8.6
1973	10.0	8.8	8.4
1974	70.0	8.2	7.6
1975	70.0	37.6	37.6
1976	70.0	51.4	51.0
1977	130.0	98.0	94.2
1978	130.0	125.5	114.1
1979	130.0	124.0	119.0
1980	130.0	127.0*	108.4'
1981	130.0	145.0* <sup>1</sup>	123.0*

<sup>1</sup> - Throughput also includes processing deal  
' - Revised  
\* - estimated

Source: OPEC Annual Report 1981

During the period of slack demand for oil the loss of the American market was less noticeable than had it occurred when production was high. The initial ban on Libyan petroleum products has been lifted due to the difficulty of tracing the original crude.

Other US operators seem happy to remain, they include Occidental and the Oasis group comprising Conoco, Amerada Hess and Marathon. Measured against the Oasis group which lifted 700,000 b/d last October the loss of Mobil is small. It is the loss of skilled labour which is more damaging in a country where almost 40% of the labour force is imported, although the personnel are replaceable from other oil companies. The government may be trying to diversify the economy but at the same time much effort is expended in the search for new oil reserves.

## Demarcation with Tunisia settled

It is the responsibility of the NOC to oversee oil exploration. Most of the current oil fields are found in the Eastern province (formerly Cyrenaica) and around to the south of the Gulf of Sirte. Recent discoveries have been made in the Western province close to the Tunisian border and since the ruling by the International court on offshore rights on the Libyan/Tunisian border exploration and exploitation can proceed in the Gulf of Gabés. The case was submitted to the court in 1979, and the verdict delivered in the spring of 1982 found largely in Libya's favour. Rights to the north of this area are disputed with Malta and a settlement is awaited from the International Court.

One of the busiest explorers in the area is Agip a subsidiary of the Italian state oil company Ente Nazionale Idrocarburi (ENI). Agip has discovered two fields, one of which is known to hold exploitable reserves – the Bouri field. Agip has sunk many wells since the field's discovery in 1975, but has had to wait for a settlement of the Libyan/Tunisian boundary dispute before exploitation could begin. Situated in 475 ft of water 120 km north of Tripoli, the field has reserves estimated at 600-800 million barrels which places it in the 'giant' class, although it is small by Libyan standards.

Exploitation of Bouri is expected to cost \$1,000 million. A large part of the expense is for the offshore production platform. The design and engineering contract has been awarded to Snamprogetti another subsidiary of ENI. Production should begin in 1985 and when operating at full capacity yield 150,000 b/d. This first phase includes twin derricks drilling 30 production wells with room for enhanced recovery equipment to be installed later and a pipeline to the coast.

## Concessions yield quick finds

Under the concession agreement Agip own 19% of the oil while the NOC takes the remaining 81%. This formula has

Product Destination	Fuel Oil	Kerosene	Naphtha	L.P.G.	%	1979	Total %	1980	Change %	(1000 b/d)
North America	7.2	-	7.8	0.8	17.3	14.6	21.2	15.8	8.2	
Latin America	-	-	-	0.5	0.1	0.1	0.7	0.5	400.0	
Western Europe	15.9	6.9	27.7	5.0	79.4	67.2	74.6	55.5	(17.4)	
Japan	-	-	-	0.4	-	-	0.5	0.4	-	
Middle East	-	-	-	1.1	1.3	1.1	1.5	1.1	36.4	
Africa	-	-	-	1.1	1.9	1.6	1.5	1.1	(31.2)	
Total	23.1	6.9	35.5	8.9	100.0	84.6	100.0	74.4	(12.1)	

Source: O.A.P.E.C. 8th Annual Statistical Report

encouraged wildcatting, yielding quick results. Three years after concessions were granted (1974) Elf-Aquitaine had discovered oil 60 miles north of Zuara. The company discovered a second field the following year and also acquired a large gas reservoir.

Until the border dispute with Tunisia had been resolved exploration had concentrated in the Sirte basin. An alternative way of expanding the country's oil reserves is to increase the amount of recoverable reserves. The NOC has undertaken a three year study to determine the best methods of enhanced recovery for all of the country's oilfields. Improved recovery will boost reserves by 7,000 million barrels, it is hoped. Compared to the cost of the offshore drilling it is an attractive investment.

All but for a small percentage (8% in 1980) of Libya's oil is exported. Domestic consumption is expected to have almost

doubled by 1985 to 180,000 b/d and risen to 420,000 b/d by the end of the century. Not only is per capita energy use increasing but the population is growing at a rapid rate.

### Downstream progress continues

As with many other Arab states the NOC feels that the market in refined products will not only offer a higher rate of return but also a more stable market than that for crude. The construction of refineries and associated structures has been given a high priority. At present there are six refineries with a total capacity of 142,000 b/d. Zawiya is the largest with a capacity of 120,000 b/d, but this will soon be dwarfed by the Ras Lanuf refinery which will process 220,000 b/d at full production. The five year development plan envisaged the construction of four refineries designed to in-

## CRUDE OIL EXPORTS BY VALUE AND DESTINATION

Country of Destination	Value of Crude Oil Exports in LD. (000)		Percent	
	1979	1980	1979	1980
U.S.A.	1 616 482	2 298 693	36.6	35.4
Italy	784 573	1 202 287	17.8	18.5
W. Germany	669 051	818 345	15.1	12.6
Bahamas	154 618	324 641	3.5	5.0
Spain	216 844	319 296	4.9	4.9
Greece	43 157	213 506	1.0	3.3
Turkey	88 490	206 917	2.0	3.2
France	256 128	178 719	5.8	2.8
Romania	93 298	126 198	2.1	1.9
Holland	109 900	109 722	2.5	1.7
Japan	15 555	87 816	0.3	1.4
Yugoslavia	37 999	81 250	0.9	1.3
Sweden	4 755	73 771	0.1	1.1
Switzerland	14 707	56 922	0.3	0.9
Other countries	313 680	388 295	7.1	6.0
<b>Total</b>	<b>4 419 237</b>	<b>6 486 378</b>	<b>100.0</b>	<b>100.0</b>

Source: External Trade Statistics 1980

Census and Statistics Department of the Secretariat of Planning

Product	1979		1980		( <sup>'000 b/d</sup> ) Annual Change %
	Volume	%	Volume	%	
L.P.G.	2.3	2.9	2.4	2.8	4.3
Gasoline	17.4	21.7	19.0	22.2	9.2
Kerosene	2.9	3.6	2.8	3.3	(3.4)
Jet Fuels	5.5	6.8	7.1	8.3	29.1
Gas and Diesel Oil	30.1	37.5	31.7	37.0	5.3
Fuel Oil	17.6	21.9	21.6	25.2	22.7
Asphalt	3.7	4.6	-	-	-
Others	0.8	1.0	1.0	1.2	25.0
<b>Total</b>	<b>80.3</b>	<b>100.0</b>	<b>85.6</b>	<b>100.0</b>	<b>6.6</b>

Source: O.APEC 8th Annual Statistical Report

increase refinery capacity to one million barrels per day. The refineries are just the beginning of a whole range of developments in downstream production.

Of the six industrial complexes being developed four of them require hydrocarbons as the raw material for chemical production. Already finished is the Abu Kammesh chemical works producing plastics (50,000 tonnes per annum), caustic soda (50,000 tpa) and smaller amounts of liquid chlorine and sodium. The German company Uhde are at present building methanol and urea plants at Mersa El-Brega each with a capacity of 330,000 tpa. This substantially expands the existing facilities which already comprise a 330,000 tpa methanol plant and 330,000 tpa ammonia plant using natural gas as a feedstock.

### Ras Lanuf complex

Tender documents have already gone out for further development of the Ras Lanuf complex where a 330,000 tpa ethylene plant will supply feedstock to the proposed Sirte fertiliser complex. At Sirte there are plans for ammonium, urea, ammonium sulphate and two NPK (nitrogen phosphorous potassium) plants. Awards are expected in early 1984 for the various projects. Initially the \$1000 million development was to be completed in a single turnkey contract. However, the world economic climate has meant that the project is to be divided into smaller parts. The Heavy Industrial Secretariat is likely to ask successful firms to provide much of the finance for the projects, due to the rapid decline in Libya's liquid

Product	1979		1980		( <sup>'000 b/d</sup> ) Annual Change %
	%	Volume	%	Volume	
L.N.G.	64.4	84.6	60.6	54.8	(35.2)
L.P.G.	8.0	10.5	12.1	10.9	3.8
Naphta	27.6	36.2	27.3	24.7	(31.8)
<b>Total</b>	<b>100.0</b>	<b>131.3</b>	<b>100.0</b>	<b>90.4</b>	<b>(31.2)</b>

\*Includes products from plants of gases separation and liquefaction

Source: O.APEC 8th Annual Statistical Report

assets during 1982. Upon completion Libya will become one of the largest producers of fertilisers in Africa and the Middle East.

Oil reaches the five export centres through pipelines, most of which were constructed by the main concession holders during the 1960's. The first terminal to be opened was at Mersa El-Brega. This is connected via a pipeline to the Bin Zelten field situated 200 miles south of Benghazi. The Oasis group pump oil from the Hofra field to Ras El Sidr whilst the Mobil/Gelsenburg group who found oil close by, pipe their oil to Ras Lanuf. A pipeline 320 miles long connects the Mersa El-Hariga terminal near Tobruk to the Sarir field. Formerly operated by BP/Bunker Hunt, this pipeline, the longest in Libya, is now operated by Arabian Gulf.

Zuetina is the most recent terminal. It was opened in 1968 to serve the Idris and Augila fields discovered by Occidental. Nearby, the Amoseas group operate a pipeline connecting the Nafoora field to Ras Lanuf. By the end of the 1960's the main network had been constructed. Other smaller concession holders also have access to the pipelines and terminals, and as more fields were found, branch lines were built to connect to the main network. The largest construction order on the horizon is the off-shore pipeline to the Bouri field.

### Fleet expansion

From the terminals the oil is exported in tankers, most of which are foreign. During the 1970's the Grand National Maritime Transport Company (GNMTC) undertook a rapid expansion of the fleet. Three tankers were ordered from Japan, two from Yugoslavia and four from Sweden, although the GNMTC has taken delivery of only one of the Swedish tankers due to a contract dispute. Between 1975 and 1977 the number of tankers in the fleet increased from 5 to 13 representing an increase in capacity from 406,200 dwt to 1,480,100 dwt. Since then the number of tankers has remained at thirteen although the fleet's capacity has increased marginally to 1,478,500 dwt making it the fourth largest amongst OPEC producers.

Company	Produced		Utilized*		Flared		Flar. Prod. %	
	1979	1980	1979	1980	1979	1980	1979	1980
Oasis/NOC	95206	53726	39884	35964	19322	17762	32.6	33.1
Occidental/NOC	363754	280067	306490	247067	57263	33000	15.7	11.8
Esso Standard/NOC	164912	118742	140765	105670	24147	13073	14.6	11.0
H.P. Gulf	34638	50911**	6492	6023	28146	44888	81.3	88.2
Umm Gawabi	24409	-	9115	-	15295	-	62.7	-
AGIB/NOC	110723	105263	101031	96578	9692	8685	8.8	8.3
Mobil/NOC	15969	14753	8998	8312	6971	6441	43.7	43.7
Esso Sirte/NOC	40441	19938	32316	13891	8125	6046	20.1	30.3
Aquitaine/NOC	14243	11258	12298	-	1945	11258	13.7	100.0
Wintershall	550	510	-	-	550	510	100.0	100.0
<b>Total</b>	<b>828845</b>	<b>655168</b>	<b>657389</b>	<b>513505</b>	<b>171456</b>	<b>141663</b>	<b>20.7</b>	<b>21.6</b>

\*Includes reinjected which amounts to 50% of the total production

\*\*Excludes the last four months production of the Ex 'Umm Gawabi' fields.

Source: O.A.P.E.C. 8th Annual Statistical Report



Doha DIYARUNA WA AL-'ALAM in English No 92, Aug 83 pp 10-13

[Text]

Throughout the last decade the Libyans have had the good fortune to produce large quantities of oil for a small population - numbering only three million, it is smaller than many cities in the west. The resultant wealth has been reflected in the country's high level of liquidity which has allowed many large and ambitious projects to be financed internally. Indeed the country did not negotiate a loan on the Eurodollar market until 1981.

Slack demand for Libyan oil after 1980 has had far reaching effects on the country's approach to its development and methods of finance. Oil revenues have declined in nominal terms by almost 50% between 1980 and 1982. The 1981-1985 Development plan was designed in 1980 during a period of high prices and high demand. Expecting these favourable market circumstances to continue the various Secretariats developed ambitious plans designed to fulfil the goal of self-sufficiency in almost every sphere of economic activity.

The effects of this clash of aims and circumstances can be read in the balance of payments figures during the last few years. Most striking is the decline in the size of the reserves from a peak of \$13,000 million in 1980 representing over one year's imports to an estimated \$4,000 million for the end of 1982. Although, by the standards of many developing countries, reserves covering four months imports is a situation to be envied. Debts have grown with major trading partners which have been eased to a degree through barter deals with oil.

#### **Development plan de-railed**

This cash squeeze has also been reflected in the budget and the government's expectations for the economy both of which have been trimmed in the cold wind of world economic recession. The Planning Secretariat stated that excepting for 'strategic

projects' no new contractual obligations should be entered into, and furthermore, that priority should go to projects already underway especially those nearing completion.

This year's budget has been allocated \$8,040 million, almost 10% less than the previous budget. Although actual expenditure last year fell short of planned spending, amounting to \$7,100 million. Overall, the five-year development plan which envisaged total investment expenditure totalling \$62,500 million has been derailed by the depressed world economy. Expectations for an average growth rate of 10% have as a consequence been toned down to 5%.

Oil production fell to 850,000 b/d for the first few months of 1983. Combined with depressed oil prices revenue is not expected to rise much above the \$10,000-\$12,000 million estimated for 1982. By mid 1982 Libya's outstanding debt amounted to \$12,000 million or a whole year's oil revenue. Most of these debts are held as export credits by the various state or private companies working in Libya. Italy is Libya's largest trading partner and also one of its largest creditors - owed almost \$1,000 million at one point in 1982. Turkish firms have been very competitive in the area of construction contracts and were owed \$700 million, however, many of these projects find themselves at the wrong end of the Planning Secretariat's priorities.

#### **Companies seek to minimise losses**

Some companies have opted to accept payment in oil, although many were faced with a situation of losing money as the price of oil fell below the official price on the spot markets. One company however, Daewoo Corporation, with \$3,000 million worth of outstanding contracts managed to peg its losses to 1%. It is thought that many of the company's clients paid as much as 150% of the due payments in oil against

future payments. The company could then use the interest earned on these funds to offset its losses on the spot markets for oil—principally Rotterdam. Other companies were not so fortunate and had to suffer losses in the region of 10–15%.

Many companies found it more difficult to obtain export guarantees last year. The German export and credit guarantee agency (Hermes) has tightened its requirements for providing cover in Libya. By February 1982 Hermes was providing DM 14,000 million in cover for Libyan business, the amount of exposure only being exceeded by Saudi Arabia and the USSR. Since then the amount of cover has declined as the Jamahiriya's austerity measures have begun to bite.

### Austerity avoids crisis

The essential feature of this development plan which differentiates from those before is its emphasis on heavy industry, whereas formerly, agriculture was the major recipient of funds. Of the LD 2,370 million budget for 1983 heavy industry has been allocated LD 400 million. The estimates by the various Secretariats and other government bodies reached LD 4,442 million for 1983—more than the combined expenditure for 1981 and 1982. Spending on agriculture remains high at LD 295 million but has been relegated to third place as development of the country's major ports at Tripoli, Sirte and Zuwara absorbs a large part of the LD 310 million set aside for marine transport and communication.

With the new growth target of 5%, this year's GDP is expected to be LD 4.1 million at constant 1980 prices, up LD .5 million from LD 3.6 million in 1980. Despite the large debts that had accumulated over the first two years of the development plan the situation is more accurately described as a cash flow problem rather than any financial deficiency. The measures adopted in 1982 should clear the outstanding debts by the end of 1983.

	(Million US \$)	
	1981	1982
Total reserves minus Gold	9,003	7,060*
SDRs	121	143
Reserve position in Fund	220	209
Foreign Exchange	8,662	6,708*
Gold (Million troy ounces)	3,578	3,578*

Source: IMF International Financial Statistics

Apart from priority for strategic projects the government restricted the import of many consumer goods including durables to \$5,300 million with priority going to food and medicines. The General Peoples Congress (GPC) which passed the budget also adopted a 12-hour working day and called for an increase in administrative efficiency aiming to redeploy labour to productive jobs. Efforts are also aimed at reducing the size of the foreign labour force which some sources estimate to amount to 40% of the working population. In 1981 private unrequited transfers amounted to \$1,314 million leaving the country much of which constitutes foreign workers repatriated earnings. The overall effort is to improve the balance of payments which has worsened significantly with the depressed oil market.

Furthermore, the GPC have urged the country's banking sector to play a larger role in the financing of projects especially in the industrial sector. The GPC saw companies involved in importing and distribution as the main contributors of funds

to the banking sector. Specialist banks were encouraged to expand their participation in industrial and housing projects. With a deposit to advances ratio of 50% liquidity is high indicating that there is a greater role for the banks to play. Such a strategy also requires that the banks are used more for which there is plenty of scope, since many Libyans still prefer to complete transactions in cash.

### Foreign investment expands

In June 1982 the Central Bank became the sole monetary agency. Prior to this the individual Secretariats could issue their own letters of credit. The enthusiasm with which the various Secretariats launched their development projects meant that there was no central body with an overview of the debt situation. The government is now able to monitor the country's debt position closely, which should result in more efficient debt management.

Through the agency of the Libyan Arab Foreign Bank (LAFB) in particular, the Libyan banking community has developed

	1977	1978	(US \$ million) 1979
Trade balance, fob	5,478	4,136	9,755
Services	-1,228	-1,347	-1,543
Transfers:			
Private	-1,607	-1,815	-2,102
Official	-857	-577	-669
<b>Current account balance</b>	<b>1,784</b>	<b>379</b>	<b>5,441</b>
Long-term capital:			
Direct investment	-441	-557	-319
Portfolio investment	-239	56	-44
Other	-846	-873	-664
Short-term capital	211	-212	185
Net errors and omissions	-66	-980	-3,948
<b>Overall balance</b>	<b>433</b>	<b>-2,299</b>	<b>273</b>

Source: IMF International Financial Statistics  
Lloyds Bank Economic Report

## ANTICIPATED INDUSTRIAL GROWTH RATES AND INVESTMENT IN INDUSTRIAL PROJECTS 1981-1985

Sector	Allocation US\$m.	% of total share	% growth rate 1981-85
Metallurgy	2,742.9	31.5	60.0
Petrochemicals	2,195.4	25.2	38.9
Petroleum products	837.7	9.6	21.1
Building materials	702.3	8.1	13.9
Chemicals	657.7	7.6	35.2
Metal working, engineering & electrical equipment	609.7	7.0	28.9
Food industries	536.4	6.2	16.4
Textiles & leather	223.6	2.6	16.3
Paper & printing	25.3	0.3	9.7
Wood & furniture	6.8	0.1	7.6

Source: Lloyds Bank Economic Report

## DEVELOPMENT BUDGET ALLOCATION BY SECTOR

	1979		1980		Annual Change %
	Amount	%	Amount	%	
Agrarian Reform and Agriculture	321.1	20.4	450.0	17.8	40.1
Light Industry	201.1	12.8	170.0	6.7	(15.5)
Heavy Industry	-	-	421.0	16.7	-
Oil and Gas Exploitation	75.0	4.8	50.0	2.0	(33.3)
Electricity	151.0	9.6	225.0	8.9	49.0
Education	87.2	5.5	135.0	5.3	54.8
Health	57.5	3.7	90.0	3.6	56.5
Housing	172.0	10.9	222.0	8.8	29.1
Municipalities	155.0	9.9	175.0	6.9	12.9
Maritime Transport and Communications	200.0	12.7	285.0	11.3	42.5
Economy	7.0	0.5	60.0	2.4	757.1
Others	79.8	5.0	94.4	3.7	18.3
Reserves for Projects	66.4	4.2	150.0	5.9	125.9
<b>Total</b>	<b>1573.1</b>	<b>100.0</b>	<b>2527.4</b>	<b>100.0</b>	<b>60.7</b>

Source: O.APEC 8th Annual Statistical Report

a good reputation in international banking circles. The LAFB has generally advanced loans on the foreign markets. In 1981 loans and securities stood at \$632.7 million an increase of more than 100% over the previous year.

The LAFB has handed over responsibility for foreign investments to the Libyan Arab Foreign Investment Company (LAFIC). Since 1981 therefore LAFB has had no responsibility for raising foreign loans. It did however, guarantee the \$250 million eurocurrency loan raised by LAFIC in 1981 and by adding its backing made it more attractive to lenders. The loan is for seven years with a three year period of grace at  $\frac{1}{2}\%$  above libor (London Inter-Bank Offer Rate). Despite the low spread the loan was still attractive to many lenders keen to enter Libya on their books for the first time.

While LAFB has been left to concentrate purely on banking operations, all of the Jamahiriya's non-banking investments have been handed over to LAFIC. Since 1976 the Jamahiriya has been the second largest shareholder in Fiat which it increased from 9% to 13.5% in 1982. Italy is Libya's largest trading partner. The Jamahiriya is one of the few Arab countries willing to invest heavily in Italian industry. Recently LAFIC bought shares in the Italian telecommunications group, Societe Finanziaria Telefonica, and is reported to be seeking a 1-2% stake.

### **Libyan bankers earn international respect**

The government has adopted a pragmatic attitude towards the banking sector in recognition of the vital role such institutions play in the economy. The Libyans have entered into several joint banking ventures with other countries some of which hold differing political viewpoints. Any differences that there are have not been allowed to interfere with banking business, however. This consistent attitude since the revolution in 1969 has, perhaps, more than anything else been responsible for the good standing of Libyan banks amongst other bankers.

Equally owned by Libya, Kuwait and the United Arab Emirates, the Arab Banking Corporation (ABC) has grown to become one of the largest banks in the world. As ranked by the volume of loans lead managed the ABC came thirteenth in 1981 having lead-managed 50 loans totalling \$11,770 million. Also owned equally by the same three partners is the newly formed Arab Insurance Group (ARIG) which began operations in July 1981. The company was formed in response to the rapid growth in insurance opportunities in the Middle East. ARIG's strategy is to expand in the reinsurance market as the first step to a move into retail insurance in general. Authorised capital is fixed at \$3,000 million although only \$150 million has been subscribed so far. Growth will be limited by the availability of skilled underwriters and the company's experience, but the company does not plan to overstretch itself.

Other international links have been formed, notably with Algeria. Through the LAFB the Jamahiriya owns half of the Banque Intercontinentale Arabe (BIA) with the Banque Exterieur d'El-Djazair holding the rest. Set up in 1975 in Paris, the company is usually involved in the provision of funds for export credits. It does occasionally participate in Euromarket loans as with the \$250 million loan to LAFIC raised in 1981. By size of assets (\$1,535 million) the BIA is ranked 35th amongst Arab banks. Four years later in 1979 the two countries set up the Mediterranean Insurance and Reinsurance Company (MIRC). Jointly owned by the Libyan Insurance Company of Tripoli and the Compagnie Centrale de Reassurance of Algeria approximately half of the business is in the partners own countries.

### **Commercial banks fill important role**

A priority for the new government in 1969 was the organisation of the banking sector. It took less than three months to set up five fully nationalised banks from the nine that already existed, composed mainly, of foreign branches. These are Masraf al-Jamahiriya, National Commer-



cial Bank, Sahara Bank, Umma Bank and Masraf Al-Wahda. Between them they manage 130 branches throughout the Jamahiriya filling an important role in the country's development.

In addition to maintaining close control of the commercial banks, the Central Bank (established in 1955) also has several commercial branches of its own which play an active role in the financing of local schemes. Most of the work of the commercial banks concerns the extending of overdrafts to state companies or for trade financing. Despite the almost non-existent

private sector the banks still manage to make a healthy profit. Recent audited figures are hard to come by as the banks are usually last in line as far as the state audit department is concerned – the banks know what's going on.

Although it is generally believed that no foreign banks are allowed to open in Libya there is one exception to this rule, Yugoslavian banks. This reflects the close relationship the two countries enjoy. Yugoslavia's Jugobanka has a representative office in Tripoli and remains the sole foreign bank in Libya.

LIBYAN BANKING SYSTEM					
	1978	1979	1980	1981	1982*
Reserves	234.0	291.7	875.6	563.2	573.4
Foreign Assets	80.7	150.3	334.8	289.4	458.0
Claims on Private Sector	928.6	1049.3	1123.8	2173.9	2347.6
Demand deposits	559.3	705.0	1430.1	1887.6	1887.9
Quasi Money Deposits <sup>1</sup>	386.0	617.8	757.7	719.8	623.9
Foreign Liabilities	46.3	33.5	33.4	75.7	112.4
Government Deposits	41.5	78.2	195.1	198.7	167.5
Capital Accounts	90.5	117.7	148.6	164.3	164.3
Other Items (Net)	119.9	-63.2	-230.5	-19.8	423.2
*1st Quarter Figures					
<sup>1</sup> Time and Savings Deposits					
Source: IMF International Financial Statistics January 1983					

[Text]

The first barrels of commercial oil appeared in 1961. Now, some two decades later oil dominates the economy. By 1968 oil formed 51% of gross domestic product (GDP), an importance it has not relinquished since, although during periods of high prices as in 1980 this proportion increased to 56%. It is in the area of trade that oil's real importance to the economy emerges. Ever since 1965 more than 99% of export revenues have come from oil.

Development rests heavily upon the import of foreign technology and expertise. With such a large proportion of export earnings dependent upon a single commodity - oil -, development plans are sensitive to changes in the oil and oil products markets. The recent shift from a high price, high demand situation to one of weaker demand and a lower price is reflected in the performance of the Libyan economy. Between 1979 and 1980 GDP increased by 25% to LD 10,431 million, but as demand for oil weakened during 1981 GDP fell by 14% to LD 8,979 million.

Throughout the last decade the Libyans have grown accustomed to financing their development internally. As revenues fell the government had to draw upon the country's reserves in the expectation that demand for oil would pick up later on. By the middle of 1982 it became obvious that this was not to be and urgent action was required to cut the import bill. Reserves had fallen from \$13,000 million to \$4,000 million, whilst debts had risen to \$12,000 million, of which some \$4,000 million was due in 1982.

### Imports restricted

Concern has increased recently over the inflation rate. In the past it has largely been ignored by the ordinary Libyan but as per capita income dipped sharply last year, an inflation rate of 30% is bound to bite heavily into most people's resources.

Immediate action was taken to reduce the import of luxury goods which had grown significantly with the high per capita income the population enjoys. Priority was given to food, as shortages had begun to appear in the state supermarkets. Projects already in progress and those with strategic priority could also import the necessary goods and people.

At the General Peoples Congress (GPC) concern was voiced over the general efficiency of the administration in many Secretariats. Steps had already been taken to improve efficiency and cut costs, those working in the oil sector or the civil service had their wages cut by 25% in November last year. The GPC urged that the numbers of staff in administration be reduced and redirected to productive jobs. In a country of only 3 million people the availability of sufficient numbers of trained staff can be a problem. Estimates put the size of the expatriate workforce at approximately 40% of the total labour force which amounts to almost 850,000.

The shortage of domestic labour is a short term problem as the population is growing rapidly - 4.2% in 1980. Almost two thirds of the population are under 20 years of age and the average family size is seven or eight. Education is of vital importance if today's children are to be working in high-tech industries in the future.

### **Educating for the future**

During the first five-year development plan (1976-1980) the government spent LD 480 million on education and training. With the rapid growth in the population, expenditure for the current five-year plan is more than twice as much at LD 1,000 million, absorbing 5.9% of the total development spending. The 1983 budget provides LD 140 million for education forming 6.7% of total expenditure for the year.

One aim for education in the development plan is to increase the number of pupils and students to almost 1.3 million, a rise of more than 300,000 over the numbers in the 1980/81 academic year. This will require an extra 8,000 classrooms and a large increase in the number of teachers due not only to the increase in pupils but also to the gradual reduction in the numbers of foreign teachers. Overall literacy has improved from a poor 10% in 1950 to 70% today.

#### **Top quality**

The country now has three universities: Al-Fateh in Tripoli, Gar Younis in Benghazi and Marsa Al-Brega situated near Ras Lanouf. The Marsa Al-Brega university is the youngest of the three. Opened in November 1981 it is to become the country's main technology education and training centre.

Gar Younis and Al-Fateh were formed out of the old University of Libya in 1973 but were originally named Benghazi and Tripoli University respectively. They were renamed in 1976 in memory of the 1969 revolution. Gar Younis is the largest university with nine faculties: arts, education, economics, law, medicine, science, engineering, dentistry and agriculture. At

present there are just over 10,000 students and 600 academic staff although by 1985 it should be able to provide teaching for 22,000 students of which a quarter will live in halls of residence.

Despite the recent slow down in the country's growth, Libyans still enjoy the highest per capita income in Africa. The state is therefore able to offer a comprehensive social welfare system. Not only is education free but health services also, and in the case of the needy, housing and other benefits are provided. The 1981-1985 plan aims to increase the number of hospital beds by over 60% to 23,750 and to more than double the number of technicians and ancillary staff. Already the country can boast one doctor for every 750 people, which compares well with many western countries, including Britain, where the ratio is about one to 2,000.

#### **Priority number one**

One aspect of Libya's development plans which distinguishes it from other oil producers, and has been consistent since the revolution is the importance placed on agriculture. In each plan agriculture has received the largest allocations. The current plan for instance aims at spending LD 3,100 million (\$10,500 million) representing 18.2% of planned expenditure over the five years.

Before the commercial exploitation of oil the agricultural sector dominated the economy. Even in 1970 it employed half of the working population but this has since fallen to 17% by 1978. Its contribution to gross national product has fallen from 4.8% in 1975 to 3.5% in 1980 and the sector's real growth during the 1976-1980 plan was only 3.9%, a disappointment when planned growth was

	(Million US \$)
1962	515.0
1963	739.0
1964	944.0
1965	1338.0
1966	1714.0
1967	2005.0
1968	2702.0
1969	3203.0
1970	3388.0
1971	3993.0
1972	4618.0
1973	6459.0
1974	11935.2
1975	11415.1
1976	14826.1
1977	17729.2
1978	18260.7
1979	24280.0
1980	25730.0
1981	27350.0*

\*Estimated

Source: OPEC Annual Report, IMF  
International Financial Statistics,  
World Bank.

15.8%. Better progress is apparent in this plan however, which saw a 6.6% growth in agriculture, forestry and fish processing last year.

At present only about 7% of the country's land area is suitable for agriculture, of which most is suitable only for grazing. The principal crops are barley, olives, citrus fruits, tomatoes, almonds, ground nuts and potatoes. Eventually the Jamahiriya plans to be self sufficient in food production. Already it is self sufficient in eggs and almost so in fruit and vegetables. By the end of the plan period the country hopes to have raised meat and grain production to 75% of consumption.

	1976	1977	1978	1979	1980	1981
EXPORTS						
Petroleum	2,458.9	2,889.0	2,811.8	4,509.1	6,683.0	4,635.7
Non-petroleum	2,456.7	2,885.8	2,809.4	4,506.7	5,680.6	4,633.3
IMPORTS	2.2	3.2	2.4	2.4	2.4	2.4
TRADE BALANCE	958.4	1,117.1	1,362.3	1,572.4	2,928.4	3,459.7*
	1,500.5	1,717.9	1,449.5	2,936.7	3,754.6	1,176.0*

\*Estimates

Source: IMF International Statistics, OPEC 8th Annual Report

### **Water sets limits**

The limiting factor for agricultural expansion is the availability of water. Rainfall is erratic averaging 200 mm in the north although in places this rises to 600 mm, there are however, no permanent rivers. Irrigation and water conservation are seen as the way forward. Along the coastal plain, where the most productive areas are found, concern has grown as the rate of depletion of sub-terranean reserves outstrips the rate of replenishment. Consequently, sea water replaces fresh, raising the salinity of the underground supplies to a harmful level.

To achieve its production targets, the Jamahiriya plans to increase the amount of irrigated land by 66,000 ha to 220,000 ha and reclaim some 355,000 ha of rain fed land by 1985. Water for these plans will come from two sources: an estimated 330 million cubic metres per year from 13 new dams and an ambitious project to pump water from huge underground reserves found in the Sarir and Tazarbo regions.

Last year two dams built to supply the Wadi Al-Hiri and Wadi Ghan regions south of Tripoli were completed. The Wadi Ghan dam has been built at a cost of \$90 million by the Indian firm, Continental Construction, and provides storage for 11 million cubic metres of water. The Wadi Zart dam is huge, being 2,737 m long and can hold 28 million cubic metres.

### **End of shortage in sight**

Below the sands of southern Libya a vast supply of good quality drinking water was discovered as long ago as 1964. In the Kufra region alone estimates are equivalent to 200 years flow from the Nile – a staggering amount. The Jamahiriya has wanted to exploit this resource for some time.

The water will be drawn from two fields of wells in the Tazerbo and Sarir regions and pumped through 4 metre diameter pipes to Sirte via Jalu, Aldabiya

and Ras Lanouf. This will provide irrigation for 25,000 ha in the Sirte region as well as supplying the Ras Lanouf industrial complex and numerous villages en-route. A second phase of development will extend the pipeline from Aldabiya to Benghazi providing irrigation for 50,000 ha of land is due for completion in 1987.

Overall cost of the project is put at \$5,000 million and the expectation is that this will involve 40-50 major construction contracts. The conceptual design of the first phase made by Brown and Root involves 1,900 km of main pipeline and 600 km for the well collection system. At present it is not known if the water is replenished and if so, at what rate. Fears have been raised about the schemes ecological effects. A spokesman for Brown and Root said that despite drawing off the water table had not fallen and that since the water was stored in the sand rather than in sub-terranean lakes, the ecological impact would be negligible.

### **Electric developments**

Expansion of electricity capacity from 1,200 MW at the start of the plan period to 3,000 MW is crucial to the development of the industrial and agricultural plans. As the economic activity of the country is concentrated along the coast desalinated water can be produced largely as an ancillary process to electricity generation providing additional water resources. The priority projects in heavy industry are high energy users, the Zuwara aluminium project alone will consume 450 MW.

At present there are occasional power cuts due to the difficulty in balancing peak and off-peak demand. The linking of the three grids which are operating at present should help in balancing supply and demand. By the end of 1983 the link to the Tunisian grid should be finished which experiences its peak demand in the winter when Libyan consumption is at its lowest.



In the summer the situation is reversed as Libyan farmers make extensive use of irrigation.

Many of the power stations will be oil fired, although some inland stations will use gas turbines, and the USSR has agreed to help build two nuclear power plants one of which will be situated on the Gulf of Sirte. Tender documents have gone to sixteen companies for three 125 MW steam turbines and four 25,000 cubic metre per day desalination units for the Benghazi North power station. Two Japanese companies; Hyundai Engineering and Construction Co. and Fuji Electric of Japan, recently won a \$570 million contract for six 85 MW power stations and three salt water treatment plants desalinating 10,500 cubic metres per day. The contract is due for completion by 1987 as are 720 MW power stations for Zuwetina and Zuwara.

### **Metallurgical base**

Second in importance as measured by the budget allocations is heavy industry. The aim of building a firm industrial base is proceeding along two paths: metallurgy and petro-chemicals. Criticism has been levelled at some of these plans, particularly the plans for an aluminium and iron and steel plants whose capacity far exceeds that which the domestic market can absorb. With world capacity severely under-used and similar development plans in other middle east countries, it is argued that Libya's transport advantage will be insufficient to build a large enough export market.

An integrated iron and steel works with a capacity of 1.2 million tonnes per annum is currently being constructed at Misurata. This first phase costing \$3,300 million is due for completion in 1985. A second phase of development by the USSR will increase the plants capacity to 5 million tonnes per annum by 1991 at a cost of \$1,300 million. In the long term this may be expanded to 7 million

tonnes per annum by the end of the century. Iron ore will come from Wadi Shatti where an estimated 700m tonnes of ore was discovered in 1974.

Pressure to export steel will be eased by the completion of plants for motor parts, household appliances and a truck assembly. Other plans in the pipeline include the development of an indigenous motor car industry.

The aluminium smelter will be situated at Zuwara. Although domestic fuel will be used in the process via the 70,000 tonne per annum coke plant. The \$1,250 million complex will be the only development to rely on imported raw materials. To handle these imports the port will have to be improved with two breakwaters 5.6km long and a total of 3.7km of quays plus additional infrastructure. The project's start has been delayed due to the tight financial situation, but now that a shortlist of two for the preparatory sitefill work has been agreed, contractors are more confident that the project is going ahead. The two companies are S. Korea's Daewoo Corporation and the Dutch company Boskalis Westminster International.

### **Ports expand to meet demand**

Port improvements are also scheduled for Tripoli and Sirte. Repairs to storm damage at Tripoli in 1981 are expected to cost \$150 million. At Sirte the development is more extensive. Tenders for three berths for the petro-chemicals complex plus three general berths, a fishing harbour and ship repair have been received. The development is valued at \$400 million.

Congestion at major ports is chronic. At one point last year there were 90,000 containers awaiting delivery. The authorities took the unusual step of banning all containers except 20 foot equivalent units to ease handling. Furthermore, they allowed consignees to collect goods without having to produce documents guaranteeing payment. Port improvements are expected to increase handling capacity from 7 million tonnes in 1980 to 16.5 million tonnes by the end of the plan period.

# 1980 VALUE OF IMPORTS BY PORTS AND COMMODITIES

Commodity Sections	Value (in million LD.)			Percentage			
	Tripoli	Benghazi	Others	Total	Tripoli	Benghazi	Others
Food & Live Animals	240.7	89.5	8.4	338.6	71.1	26.4	2.5
Beverages & Tobacco	10.7	-	-	10.7	100.0	-	-
Crude materials inedible except fuel	28.1	7.7	1.1	36.9	76.1	20.9	3.0
Mineral fuels and Lubricants	8.1	4.5	0.4	13.0	62.3	34.6	3.1
Animal and Vegetable oil, Fats processed and waxes	37.5	0.1	-	37.6	100.0	-	-
Chemicals	59.9	44.3	3.6	107.8	55.6	41.1	3.3
Manufactured goods classified by materials	298.3	146.6	39.6	484.5	61.6	30.2	8.2
Machinery & Transport equipment	515.3	198.0	48.9	762.2	67.6	26.0	6.4
Miscellaneous manufactured articles	128.1	59.2	27.5	214.8	59.6	27.6	12.8
Total	1326.7	549.9	129.5	2006.1	66.1	27.4	6.5

Source External Trade Statistics 1980  
Census and Statistics Department of the Secretariat of Planning

During Year	Imports		Re-exports		Exports	
	Value in L.D. '000	Percent increase or decrease over preceding year	Value in L.D. '000	Percent increase or decrease over preceding year	Value in L.D. '000	Percent increase or decrease over preceding year
1965	114 416	9.6	2 463	-16.5	281 873	2.9
1966	144 662	26.4	3 047	23.7	357 819	26.6
1967	170 145	17.6	3 406	11.8	416 612	16.5
1968	230 219	35.3	1 771	-48.0	665 110	59.9
1969	241 301	4.8	1 177	-33.5	772 765	16.5
1970	198 002	-18.0	3 044	158.6	841 829	8.9
1971	250 352	26.4	2 586	-15.0	959 918	14.1
1972	343 203	37.1	1 782	-31.1	966 307	0.7
1973	539 939	57.3	723	-59.4	1 196 393	23.8
1974	817 843	51.5	994	37.5	2 445 203	10.4
1975	1 048 736	28.2	1 659	66.9	2 023 192	-17.1
1976	950 835	-9.3	2 188	31.9	2 828 477	39.4
1977	1 117 133	17.5	3 606	64.8	3 378 195	19.4
1978	1 362 570	22.0	3 684	2.2	2 929 279	-13.3
1979	1 572 418	15.4	2 637	-28.4	4 759 323	58.2
1980	2 006 151	27.6	2 794	6.0	6 486 378	35.3

Source: External Trade Statistics 1980  
Census & Statistics Department of the Secretariat of Planning

MINISTER DISCUSSES TRADE DEFICIT, TOURISM, EEC EXPANSION

Rabat L'OPINION in French 17 Aug 83 pp 1, 3

[Interview with Azeddine Guessous, Moroccan Minister of Trade, Industry and Tourism; date and place not specified]

[Text] According to Mr Azeddine Guessous, "the deficit of our trade balance with France reached close to 3 billion centimes in 1982, i.e. 78 percent of our total trade deficit with the EEC."

The cabinet meeting which took place last Wednesday examined, among other things, Moroccan relations with the EEC.

In this connection, a report on preliminary negotiations with the EEC, scheduled to take place next October, was presented by the minister in charge, Mr Azeddine Guessous.

Our relations with the EEC being the question of the day, we are publishing an interview granted by the minister of trade, industry and tourism to the magazine FRANCE-PAYS ARABES, No 110-111, July-August 1983.

[Question] The Moroccan trade balance suffers from a heavy deficit with France. As official figures show, this deficit of Moroccan-French trade also accounts for the Moroccan trade deficit with the EEC. What do you plan to do to remedy this situation?

[Answer] In 1982, the deficit of our trade balance with France reached 3.4 billion French francs (3 billion dirhams) i.e., as you were saying, 78 percent of our total deficit with the EEC.

Such a large deficit is of course unacceptable over a longer period of time, and something should be done about it.

Alternate solutions to this structural imbalance were among the major topics that were considered at several meetings with the French ministers involved, especially on the occasion of President Mitterrand's official visit to Morocco earlier this year, and quite recently when the French minister of foreign trade and tourism, Mrs Edith Cresson, came to the 30th International Fair in Casablanca.

The outcome of these meetings was that a strictly commercial approach to this imbalance would soon stumble on the constraints imposed by the present structure of our trade with France.

Indeed, we cannot really hope to get over this commercial hurdle in the short term by increasing our traditional exports, even if we were determined to do so. Also, we would not want to find ourselves in a position where Morocco would have no other choice but to reduce its imports from France. Therefore, it is clear that we must look for a dynamic balance of our trade.

For this to materialize, we shall need a new form of economic cooperation that will leave much room for industrial cooperation and a thoroughly understood division of labor.

The positive effects of subcontracts signed between the Moroccan and French clothing and electronics industries can already be noticed. These subcontracts create a complementarity between our industrial fabrics and, because they use our comparative advantages, they undeniably contribute to strengthen the competitiveness of our respective productions. Considering the positive results of current experiments, the Moroccan and French governments have agreed to create a working group consisting of high-level experts, whose mission it will be to identify other industry branches to which the concept of subcontracting and cooperation could be extended.

This group will start working very soon and, if it manages to create conditions that will encourage the private sectors in the two countries to work on joint projects that would fit in with this new viewpoint, then it will have contributed to the emergence of this new vision of economic relations between the North and the South.

I can think of no other way that would enable us, some day, to reduce the burden of our trade deficit with France, and I do believe that our government is determined to do so.

Short-term efforts should also be made, but they fall within the province of the EEC to a greater extent; in particular, I am thinking of the measures related to the Common Agricultural Policy and to import restrictions on certain industrial products such as textiles and the self-limitation system for these imports.

[Question] Observers noted that last September, when you stressed your concern about the trade deficit with France, you suggested to your French partners that joint efforts should be made in the field of tourism; you were reported to have said in substance: "Let us do something so more French tourists will come to Morocco, to make up for what Morocco loses in its trade with your country"?

[Answer] Obviously, receipts from tourism help reduce the incidence of our trade deficit with France on our balance of payments; however, if they reduce it, they don't absorb it, and this is why we made it a point to inform our French partners of our serious concern as to the consequences the measures taken to restrict French tourists' expenditures abroad would have, first on tourism in Morocco, and second on the volume of our trade with France.



We believe that solutions must be found that would be in our mutual interest and would maintain at a normal level the flow of French tourists to Morocco.

Negotiations to this end will take place with the French authorities involved, to study certain suggestions made on the occasion of Mrs Edith Cresson's visit.

[Question] How do you see the future of Moroccan-French trade and industrial relations?

[Answer] The future of Moroccan-French economic and trade relations will depend on a series of factors.

First, on the political determination of our two countries to foster balanced cooperation relations designed to benefit both countries.

President Mitterrand's recent visit showed that this determination exists and that it is the result of interdependence, geography, economic history and common affinities. The future will also depend on our ability to get together and find solutions to the problems I just mentioned concerning our trade relations with France.

The future will also depend on how we shall deal with the economic and financial problems resulting from the international economic crisis.

Finally, it will depend on the mechanisms which we shall be able to develop jointly with the EEC to preserve and increase our economic and financial exchanges at a time when the community is expanding to include Spain and Portugal.

What is at stake in this expansion is of vital importance: it is the balance and the economic and social stability of all countries around the Mediterranean, which we intend to be a zone of peace and prosperity.

[Question] Especially in the past year, Morocco has been trying to gain a foothold on new markets, the so-called complementary markets, in particular in North America and in the Middle East. Will that take place at the expense of our traditional partners?

[Answer] As you know, in the past few years, Morocco has taken a number of initiatives toward non-traditional export markets such as Africa, America and the Middle East.

These initiatives reflect our desire to diversify our economic partners while finding not only new outlets for our products, but also new and more varied sources for our imports.

Of course, we do not plan to achieve diversification at the expense of our traditional partners, for there are facts we cannot ignore, and one of them is that the EEC is still our leading trade partner.

Rather, we are trying to achieve a balance of our trade while increasing our overall trade volume, giving due consideration to the fact that we cannot hope

to sell unless we buy, and thus give those who buy our products the means to pay for their imports. The rise of protectionism in industrialized countries, the declining demand in these countries as a result of stagnant growth, prompt us to find ways to revive South-South trade, as this would offer definite potentialities for our respective economies.

The question is to find and encourage complementarities between developing countries.

[Question] At a time when world tourism is stagnating and often regressing, Morocco just achieved a remarkable performance: a 7.8 percent increase in resort tourism in 1982.

What formula did you apply and what are the prospects for 1983?

[Answer] I don't think that there is any secret reason for the significant increase in the number of tourists who came here last year.

This was the logical consequence of a more selective and more dynamic promotion policy on our traditional markets on the one hand and, on the other hand, of a policy of quality.

I need not mention Morocco's natural and cultural assets which enable us to offer potential tourists a wide range of touristic products.

[Question] What results do you expect from the law that was just adopted concerning incentives for touristic investments?

[Answer] Considering the limitations and gaps of the current tourism code, the new law is intended:

- To provide a better distribution of investments so as to bring tourism to poorer areas. Under the new code, in addition to being fully exempt from the IBP [expansion unknown] during the first 10 years of operation, certain regions will enjoy the following benefits:

. a rebate of four interest points instead of the two points provided under the normal system,

. an interest-free loan of 20 percent of the planned investment, for a period of 12 years, with repayment starting 9 years after the loan was granted.

In addition, the code will actually be extended to cover all branches of tourism and will thus create a favorable climate for the promotion of touristic investments in these provinces, especially for small and medium-size enterprises (camping-grounds, rest houses, inns, etc.).

- To provide a more harmonious balance of the various branches of the tourism sector.

Indeed, the new tourism code encourages other branches of tourism--this is something new--such as organized leisure activities, the partial or global sale of touristic residential facilities, transportation, restoration and renovation of hotels and touristic facilities, marketing and hotel management.

- To consolidate the accommodation capacity. In this respect, we should note that an analysis of dossiers already examined or now being examined shows that there exists a predisposition to investment. Thus, since it was created in June 1970, the technical committee in charge of investigating touristic projects was able to approve an average of 6,000 beds per year.

The implementation of the new law can certainly be expected to provide additional impetus to tourism investments in our country, but it will also ensure that the increase in hotel-bed capacity will be more adequately matched by the development of other, indispensable peripheral activities: leisure organization, restaurants, management, marketing, etc.

[Question] The new industrial investment code replaced the 1973 code. In an international context of economic crisis and depression, what improvements does the new code introduce?

[Answer] The promulgation of the new code for the promotion of industrial investments answers several objectives:

- To clarify the procedure under which Moroccan and foreign investors can obtain benefits, and what benefits they can obtain.
- To encourage foreign investments, as the benefits granted are no longer restricted to Moroccan investors.
- To further promote exporting industries by granting them a still more favorable treatment with respect to the import duties paid on durable goods.
- To give priority to the creation of jobs by encouraging the selection of labor-intensive rather than capital-intensive technologies. This will be achieved through the job subsidy that was instituted under the new code.
- To further decentralize industrial facilities. Other innovations were introduced, especially provisions concerning the automatic repatriation of dividends, capital, and capital-gains on foreign investments.

Despite the present international economic crisis, the new investment code has met with considerable interest on the part of Moroccan and foreign investors. This should not come as a surprise to us, as Morocco offers non-negligible assets to industrial promotion, namely its natural resources, its location, its skilled and competitive labor force, its domestic market, and its natural aptitude to serve as a relay in exporting subcontracted products to third countries.

[Question] Morocco and Tunisia are said to have undertaken joint efforts within the Arab League concerning their concerns with the EEC expansion.

Essentially, what is it you are concerned about?

[Answer] The expansion of the EEC to include Spain and Portugal, and the fact that these countries will now enjoy all the privileges of EEC members, will generate a new market-supply situation for the Europe of the Ten. Indeed, the Europe of the Twelve may well be, or soon become, self-sufficient with respect to most products now exported by the Maghreb.

The joint efforts undertaken by Morocco and Tunisia within the Arab League are aimed at attracting the EEC's attention to the consequences that its expansion will have on the Maghreb economy in particular, and on the EEC's relations with the Arab world in general, should this expansion disregard our legitimate interests and the need for us to retain our previous gains.

It goes without saying that a European-Arab dialogue cannot be credible unless a clear answer is given to Maghreb countries' concerns.

[Question] During the past few years, Moroccan-Tunisian economic relations appear to have received new impetus: joint projects, intent to double the trade volume.

How do you see the economic integration of Maghreb countries? As a pious wish? As a necessity?

[Answer] The Maghreb economic integration certainly is not a pious wish nor an empty slogan; it is the only possible answer to the economic challenges we must meet.

At a time when people throughout the world are mustering their forces and closing ranks by creating economic communities, it is our duty not to remain cut off from that trend and that new deal in the world economic order. There are at least three reasons in favor of this:

1. The Maghreb is one of the regions in the world that are most highly-complementary, economically speaking, and it has a unique self-centered development potential. Indeed, the Maghreb possesses considerable assets, whether with respect to agriculture and food production, energy, human resources, mines or fisheries.
2. By 2000, the three Maghreb countries will have a population of close to 100 million, with a purchasing power sufficient to create a market that will have an adequate "critical mass" to allow large-scale production and the resulting savings without which no effective industrialization can be considered viable.
3. As economists well know, the overall optimum is not the sum total of sectorial optima. Therefore, it is now urgent to consider coordinating development plans, to avoid redundancy in investments, and to achieve an allocation of our resources based on the necessary rational exploitation of our riches.

# MINISTER ASSESSES PROSPECTS FOR TOURISM

Casablanca MAROC SOIR in French 18 Aug 83 pp 1-2, 8

[Interview with Minister of Commerce, Industry and Tourism Azzedine Guessous by MAROC SOIR editor Abdellatif Bennis; date and place not given]

[Text] Mr Azzedine Guessous has headed the Department of Tourism for 2 years. In this priority national economic sector, a change is taking place in thinking and in method.

Tourism is now one of the branches of the export industry, and the cooperation between the administration and the professionals has been structured in a working system.

This new approach merits explanation and understanding, and no one is in a better position to contribute to this end than the minister in charge, who is characterized by a happy combination of youth and competence. Our editor Abdellatif Bennis went to talk with him, and the following is a report of their hour-and-a-half interview.

MAROC SOIR: Since independence was won, tourism has always been a priority sector entitled to an independent department. Now for the past 2 years, this sector has been affiliated with commerce and industry.

Can we continue to presume that tourism is a priority sector for the government?

Azzedine Guessous: I think in fact that tourism should be a priority sector. This priority has repeatedly been confirmed heretofore, both verbally and in the text of the various development plans which have been drafted since independence was won. Moreover, this priority is necessary because of the structure of the product and the multiplying effects of this sector.

It should be said that the real figure for foreign exchange income obtained from tourism, either through tourist services as such or through the purchase of craft products, is much larger than that reported by the foreign exchange office--255 billion. As I recall, our export total comes to 1,200,000,000,000. In other words, tourism already accounts for 20 percent of the total income obtained from the export of farm products, industrial products, craft products, mining products and also manufactured products. Thus this is not a negligible contribution.



In terms of employment, the number of jobs tourism provides is not negligible either, because one can say that 120,000 Moroccans earn a living from tourism, directly or indirectly. They do so directly in the tourist enterprises themselves and indirectly in the craft sector, in transportation, etc.

When it comes to the contribution to the redistribution of income, there are some regions which are particularly favorable for tourism, and which have often not had every opportunity to develop in other sectors. As a result, tourism contributes a redistribution factor which is far from being negligible.

#### Still a Priority Sector

And also in connection with the contribution to economic development, I would say that the tourist investment is one which does not cost much in foreign exchange, provided there is adaptation to the Moroccan climatic and architectural context, avoiding construction in concrete or blockhouse style as has been done in the past and as has often been seen in our country. The contribution to Moroccan added value is certainly very substantial, and I would also say that tourism is perhaps the only sector, along with craftwork, in which an investment of 10-15,000 centimes, the equivalent of the price of a three-star hotel room, will provide a direct job post in a hotel or six or seven indirect jobs elsewhere.

Moreover, tourism is perhaps the only sector which allows the reimbursement of the investment it has required in foreign exchange within 2 or 3 years. All of this means that tourism is a sector which should have priority, the more so since Morocco boasts substantial assets: climate, geography, historical diversity, the sea. I believe that we have all the trumps and all that is needed is to know how to exploit them.

Now I think that we have been unable to evidence this priority clearly to date because tourism did not appear to be a sector with all of the characteristics of the industrial sector, but also those of an export sector. To date we have gradually come to consider tourism as being something like real estate. In fact, the management of this sector is more like that of the industrial sector and the management of exports. It has become absolutely necessary for the approach, the way of viewing the problem, to be comparable to the approach to the industrial and export sectors, which are productive sectors, sectors which contribute foreign exchange and which demand technical capacity, know-how and technology which have not always been available in Morocco.

The decision by His Majesty the King to entrust tourism to the department responsible for commerce and industry was not designed to merge or drown it in a larger department. The Tourism Department retains its specific nature and its administrative structures. It is entirely autonomous on the administrative and budget levels, but there is perhaps an industrial and export mental approach. This is an attitude favoring production, competition and adaptation to the problems of the market, as well as reaction to the situational developments which can or should be better felt and understood in a

sector where, as in industry or commerce, one is always in the forefront, face to face with the situation and needing to adapt constantly to the changes in it.

MAROC SOIR: After 26 years of state encouragement for this sector, Morocco has still not passed the 2 million tourist mark, while neighboring Spain is visited annually by the equivalent of the total population of Morocco.

How can this phenomenon be explained?

Azzedine Guessous: Let us say that this priority is more verbal than concrete. What does it mean to give priority to a sector? Giving priority to a sector means first of all introducing it in places and regions which have an obvious tourist potential. Thus it means providing all of the infrastructures. When you go to the northern coast, to the south of Agadir, you see absolutely magnificent regions. But there is neither water, nor electricity, nor development. And the tourist is not the happy savage who is willing to live in a tent. He wants, while being in a "wild" place, to have every convenience, facility and comfort. Thus first of all, there has not been a great investment effort in the infrastructure, in development consistent with the Moroccan potential in the tourist sector.

However, one cannot say that nothing has been done. The Moroccan state has created two development companies, one in Tangier and the other in Agadir. They have invested in the equipping of zones capable of accommodating tourist equipment and infrastructures. I believe that Morocco should multiply such undertakings if it wants in fact to pursue its overall policy in this realm.

Thus priority means equipment first of all. The second meaning of priority is training.

Now in the realm of training, Morocco has done pioneer work.

Moroccan vocational training is today superior to that in many countries in the Third World and even the developed world. But this training has not been, if you will, paralleled by an investment trend in the sector allowing this trained generation to take charge of these investments and tourist complexes in a way worthy of the training given them. Priority in the tourist sector also means attracting investments. Whether the investor be Moroccan or a foreigner, he is a man who makes decisions on the basis of objective parameters. When the cost of money is 13 or 14 percent, and the opportunities for investment in the real estate, industrial or fishing sectors offer guaranteed profitability, well then, it is quite normal that, whether the investor be domestic or foreign, he will choose as a function of what he regards as the most profitable and least risky sector for his investment. In practice, when the various codes which have followed one another are compared, we see that until the promulgation of the new code, tourism did not have a special status in the industrial or export sector. And in my opinion, this also explains why our sector has had a certain number of weaknesses.

Finally, giving priority means investing in publicity, in training, in understanding of our tourist product at home and abroad. Now in most of the tourist countries, such as the Maghreb, Spain, Italy, France, etc., there is a kind of tradition. It is that 5 to 10 percent of the tourist income is spent on advertising, on publicity campaigns and public relations, on efforts to make the country known and to attract a tourist flow. If we look at the Moroccan statistics for the past few years, we will see that unfortunately, Morocco has not even devoted 1-2 percent of its tourist income to publicity, because, perhaps where certain officials are concerned, there has always been a tendency in the past to regard spending money for advertising like tossing it away. In fact, advertising a country on the tourist level is like advertising a fruit juice or any consumer product. It is necessary to advertise, to find slogans which are interesting, to accustom the potential tourist to thinking of Morocco. And this requires much money, much imagination, much effort and a great presence at home and abroad. These are the things which have not always been clearly understood in Morocco. And this is why all the work which has been done in the course of these past 2 years involved precisely trying to make it clear that:

1. The tourist sector is one which has to do with industry and export.
2. It is a sector which merits being supplied by the state with the means, despite the crisis, of playing out its role, in particular the means to ensure a Moroccan presence on the tourist markets, particularly the European, Arab and American markets.
3. The state must undertake to invest in equipping and developing the regions with a tourist potential.
4. The training effort must not be relaxed.
5. All of the cadres who work in tourism must be given the status of exporters, people who are not simply administrators, but are practically playing the role of aggressive sellers of a service.

#### High-Level Tourism

MAROC SOIR: Morocco seeks a selective clientele which the professionals call A. B. ÷ (middle cadres). What is the strategy of the sponsoring department to broaden this range?

Azzedine Guessous: I would like to say that if we consider the developing countries, one could say that Morocco, along with Egypt, is the only one to accommodate more than a million tourists.

That having been said, it is necessary to specify however that Morocco is a well-situated country. And if there is praise to be voiced, it is all of the officials who have succeeded one another in the tourist department and the tourist office, who have always aimed at a relatively high-level clientele, who merit it. And this clientele spends more. And moreover these customers do not simply go shopping or simply tan themselves in the sun, with no

communication with foreign countries. There is a substantial clientele of this sort which, while enjoying the pleasures of leisure in sunny spots, also seems tempted by the discovery of cultural aspects. It is this clientele which Morocco has always tried to attract, and despite the difficulties, we can say that the average Moroccan tourist customer ranks higher in social and cultural standing than those who visit other countries. This explains why the crises which have occurred up until recently did not deal so harsh a blow to these customers, because they are in the category best able to absorb the blows dealt to their purchasing power and inflationary difficulties.

Now you ask me what our strategy is. Our strategy continues to aim at this clientele. Having said that, I must add that in the course of the years to come, I am thinking of the year 2000, the individual tourist will be increasingly rare and tourism will always be I think, organized in terms of agents, tour operators and large organizations.

As a result, this will lead us not to change our approach but, while keeping our eye fixed on the individual tourist, to make preparations to take steps so as to also obtain our share of this group and collective tourism. But within the framework of this group tourism, social strata must be selected. We must select people from the markets which are most interesting from our point of view, in terms of proximity, numbers, potential, purchasing power and day trips and tours within Morocco. This is necessary so that people will not just go to Agadir, but, while also going there, can also spread out to the whole southern region, to Marrakesh and Kelaa des Sraghna, and can visit the Ziz valley. Finally, these are things which should be the subject of specific studies on customer preference. This is the goal which has been established and assigned for the commissions and the advertising campaigns, with a view to retaining these high-level clients and continuing to attract individual tourists, but simultaneously attempting to obtain our portion of that market which is the market of the future, the group tourist market, trying in this sector to aim at the target and beyond, despite everything.

MAROC SOIR: Our weaknesses are numerous: accommodations, publicity, service, guides, mendicants. How can we overcome these handicaps? Don't you think that making the provinces aware of the need for general mobilization is necessary?

Azzedine Guessous: I absolutely agree with you. Moulay Ahmed Alaoui often said that the Department of Tourism is an abstract department. In fact, what Moulay Ahmed meant, and I agree with him, is that the management of tourist policy is not simply the work of one department. When the tourist takes a plane, it involves the Ministry of Transportation. When he arrives at an airport, the Ministry of Transportation is again involved, but when he passes through the administrative portals, it becomes a question of the Ministry of Interior, the police or the customs. When he takes a taxi or rents a car, again it is a problem coming under various departments. He stays at a hotel, and the Department of Tourism is involved. But as soon as he leaves the hotel and goes to visit a monument, it becomes a matter for the Ministry of Cultural Affairs. When he mixes with the population it is a question of civic actions by the citizenry, and when he goes to buy something at a market

It is a question of price control and the problem of combatting fraud and excesses in trade. When he encounters beggars or dishonest guides, these matters too involve problems under the jurisdiction of various departments due to their very nature. All of this goes to show that the tourist is in fact not dealt with by just one department, but the national community as a whole. It is all of the administrations and all of the officials who must try to make the stay of the tourist, whether he be a citizen or a foreigner, the best it can be.

In fact, the scourges you have listed are real, and despite certain improvements made to combat them, which are not negligible, much progress remains to be made in terms of safety for the tourist, and in terms of administrative facilities and convenience in getting through the administrative procedures at airports, in hotels, etc. Much also remains to be done so that the tourist will not be harassed by children, beggars, clandestine guides and hawkers. All of this requires a long-term effort. It is the goal of all of the information, education and consciousness-raising which should be provided to every Moroccan with regard to this primary sector. I would like to add that, working with the Ministry of Interior and the General National Security Headquarters, we decided several days ago to eliminate individual passports for a certain number of countries, so that their tourists can come into Morocco without inconvenience. I think that this is something which reflects the opening up of the country as a whole to the phenomenon of international tourism.

#### Regionalized Tourist Investment

MAROC SOIR: Another shadowy zone is the imbalance when it comes to hotel establishments.

Azzedine Guessous: In fact, the geographic location of tourist investors and hotel capacity is rather proportional. We have three major regions:

--the northern region, including Tangier and Tetouan;

--the Agadir region (15,000 beds); and

--the Marrakesh region (8,000 to 9,000 beds).

And moreover we have equipment in the imperial cities. In Meknes, for example, we have 1,000 beds, while the hotel capacity in Fez is inadequate during the tourist season, and Casablanca is in the process of being equipped. The solution to this problem can only come from an adaptation to the demand, whether domestic or foreign. This demand was focused in the past on these three poles. I think that it is beginning to be horizontal. I mean that it embraces the tourism sector as a whole, and it is for this reason that within the framework of the investment code, we have introduced a certain number of provisions designed to orient investments toward the places which for the time being are suffering from a chronic infrastructure shortage. There are a certain number of incentives benefitting certain regions in Morocco but not others, because these latter have already had their portion of tourist



development. Thus the regionalization of tourist investment is one of the main goals sought through the medium of the new tourist investment code.

#### Adaptation to the Requirements of the Sector

MAROC SOIR: On the subject of this code, what new contributions does it in fact make?

Azzedine Guessous: I believe that it offers many new things. The first important one, and you will perhaps have an opportunity to see this in further detail, is that Morocco has heretofore only provided incentives for lodging. Now tourism is not simply a matter of lodging. Tourist residences where the people live with families without being subject to the limitations of a hotel are a part of the modern tourist phenomenon. Development in Spain is not based on the hotels, but on tourist residences.

There was a need to encourage this phenomenon, and this is what we have done. The encouragement has been for family pensions, camping areas, casinos, hunting and fishing, plays and shows and restaurants. Each of these is an important thing enabling the tourist to get out of the hotel, so that it will not be a kind of ghetto for him. And the investments in this sector were not encouraged. There was an absolute need for them to be encouraged, and this is what has been done.

Similarly, the area of land transportation was not regarded as one closely linked with tourism. It was transportation, that is to say something entirely different. Thus we have tried to harmonize tourist transport facilities with other tourist activities, encouraging them in a very special way.

Similarly, all work involving repair or renovation has been encouraged, above all since Morocco has historic treasures in terms of housing, old homes and palaces. It has not been possible to benefit from these treasures for the tourist sector, because there was no encouragement. It was necessary to introduce provisions making it possible to use this asset in our national heritage. This is what we did through the 1933 [sic] tourist investment code.

Similarly, there has always been a dichotomy between tourist investment as such and management. One can have money and invest it and yet not be an expert in the tourist sector. And the old code did not encourage entrusting hotel management, for example, to tourist specialists. And if this was done, the management company only enjoyed certain advantages under very special and extremely limiting conditions. We have tried to ensure that competence will be used where it is needed and that hotel management and tourist administration will be encouraged just as investment is, even if it is entirely differentiated from this investment. I am also thinking of the support provided by the new investment code.

That is in the investment sector. In connection with the regionalization you mentioned a moment ago, it is a fact that the localization of the tourist investment code has not always been ideal. And thus it was necessary to

effect a new redistribution of investment and equipment. The code undertook to divide the kingdom into a certain number of regions and to provide very special incentives to the regions we wanted to promote.

There was finally a lack of adaptation in the old codes to the sections in the sector. I said a moment ago that this is an industrial and export sector. It was absolutely necessary to reflect these concepts in terms of encouragement and incentives in order to make the sector competitive for investors, in relation to the other sectors of economic activity. This is what has been done within the framework of the new investment code.

Finally, for certain projects with special characteristics, either in terms of their size or their location or because of the flow of their contributions into the Moroccan economy as a whole, it was necessary to take extra steps, to tailor the incentives, if you will, to the projects, as a function of their special characteristics. Thus it was necessary to adopt the framework of a conventional system, but a restrictive one. In other words, one which did not allow more than had been done to date, at the most. It was necessary to plan incentives and encouragements in addition to those provided by the law. This was what was done in the tourist investment incentive law of 1983.

And there you have the main guidelines of this code. I think that now we have a working tool which can certainly be compared to whatever legal incentive framework you wish. Thus it is an entirely competitive code. It is one perfectly adapted to the local requirements of the sector. And it is a code which is not oriented toward the hotel business, toward hotel capacity alone. It has the advantage of covering all of the activities which have direct or indirect links with tourism. Thus it is a code designed for integrated tourism, tourism profiting all of the regions of Morocco and also all of the considerations related to exports and the demands of the industrial sector.

#### Policy of Promotion

MAROC SOIR: In the realm of public relations and advertising the product abroad, what is your policy?

Azzedine Guessous: The goal to achieve is for the state, once what the sector can be in terms of profitability and foreign exchange has been demonstrated--the goal was for the state to withdraw gradually. The state is playing a pioneer role and it will then fall to the private sector to take over. This is what has been done in the realm of investment, and this has made it possible to launch the sector. These were investments made by the state, whether by the Office of Tourism or the branches of such state companies as Maroc-Touriste in a certain number of regions. But for some years now the state has not invested further. It is encouraging the private sector to invest, and one can say that the vast majority of the investments are being made by the private sector, both domestic and foreign.

In the promotion sector, the state also took it upon itself to establish a presence abroad, and to provide the budget means to guarantee a knowledge of Morocco in foreign countries. The private sector had to organize again to

take over from the state, to the extent that the role of the state should only be to break ground and the private sector should then be able to give free rein to this undertaking, while at the same time trying to adhere to the guidelines defined by the government. We are currently working with all of the components of the private tourist sector. And we have tried, in the various regions of Morocco, and we have succeeded, to make a coordinated effort toward a Moroccan presence abroad, but within a framework of perfect symbiosis. The advertising campaigns we are pursuing are programs defined by joint agreement. The advertising budgets are budgets agreed upon jointly, and I can assure you that the private sector almost has the last word in these decisions.

Now it is time to move on to the next stage. It would involve the ability of the state to contribute material aid through budget allocations, with the private sector fully taking over the representation of Morocco abroad. Possibly, our national delegations abroad could in the near future become professional groups. And we are mentally prepared for this change. It is simply necessary that the private sector organize itself a little better, that the federations be a little more representative, that the authority of the elected officials be a little more substantial, in order for this change to get under way without too much negative fallout for the sector. In any case, we are continuing the dialogue with the private sector. And my personal hope is that the state, after having pushed the door open for this sector, can withdraw.

For the delegations abroad, I would simply like to say that they have a very clear program. The delegations have the resources to achieve their goal. And they also have an interlocutor to respond immediately to their complaints. I think that the boom is now under way and that we will profit from it, despite the chaos still prevailing in Europe and despite the difficulties in the crisis which, naturally, has its effects on the international tourist movement. I am referring in particular to the restrictions imposed by the French on tourist travel abroad. Well, I think that despite all that, we have moved in the right direction.

#### Domestic Effort Praised

MAROC SOIR: On the investment level, what might the contribution of the financial institutions, the banks in particular, to the expansion of the tourist infrastructure be?

Since it has been established that the contribution of foreign chains was limited, might it not be necessary to place a little more confidence in our domestic institutions, and how could such confidence be reflected?

Azzedine Guessous: Morocco, as you know, is a country open to all those who want to invest and to contribute to its development. In Morocco, foreign chains are not very numerous. We have the SOFITEL and the PLM, although the PLM is certainly a technical support, and still others. But I can assure you that what has been done in Morocco to date has been the work of domestic institutions. And if praise is due to anyone in particular, I would say that

The Moroccan private sector has been the main motive force in tourist investment, and also the work of attracting foreign customers to Morocco. That having been said, it is a fact that by their presence, certain chains are guaranteeing this country a wider influence and certain credibility on some markets which make decisions only on the basis of certain names. Therefore, the problem of foreign chains in Morocco should not, in my view, be seen in terms of investment, but in terms of the contribution to making Morocco known abroad, for example in the advertising done by a major chain to advertise this or that major chain in Morocco. It is a fact that this contributes to a first-class image for our country abroad. And within this framework, we welcome their presence, which can contribute to national tourist development.

#### Successes and Concerns

MAROC SOIR: Mr Minister, you have headed this sector for 2 years now.

What has given you satisfaction, and what are your main concerns?

Azzedine Guessous: Reasons for satisfaction? First of all, the Department of Tourism is one which is operating in an atmosphere of harmony. We no longer have the administration on one side and the private sector on the other. This view of a sector with a sponsor, involving the constant statement that the administration was right and the private sector was wrong, no longer exists.

And conversely, it was said that the administration understood nothing while the private sector had the key to knowledge. Well, I think that this dichotomy is ended now, and that the people are engaging in dialogue, presenting their problems, contributing their suggestions and participating daily in all decisions, both major and minor, which may be made by the department. I think that this is a basic gain. Now our officials and our cadres are listening. On both sides there is discussion, and the decisions are made together. First improvement.

The second improvement is that on the level of the administrative machinery of the department, things are working, as they are on the level of the delegations abroad and those in the country. And in the budget, advertising, public relations, newspaper campaign and tour aspects, let us say that the mechanism is responding. And this is a very important matter when we realize that the mechanism is capable of reacting or can put forth initiatives.

The third source of gratification is that we are surviving the crisis without too much loss, when we realize that some European countries and even some developing countries with a fine tourist image have suffered substantial effects from this crisis. Greece has lost more than 35 percent of its tourist business, and in terms of tourist income, it lost more than 40 percent in 1981 and 1982, and more is expected in 1983. If we realize that declining figures have been reported everywhere, and then we see that Morocco is developing in practically all of the markets offering tourists and is holding steady on the French market, despite the decisions decreed by France, I think that this is also a reason for satisfaction, one which justifies the hope

that recovery is near and that the future will be promising. And I would say that one of the great reasons for satisfaction is that with the new tourist investment code, which was discussed at length and in breadth and in detail with all of the administrations, with the private sector as a whole, with all of the representatives of the nation and all of the governors, there is indeed an increasing awareness in everyone about tourist matters. Now tourism is becoming increasingly everybody's business. And so much the better, because as long as people continue to say that it is the problem of the Ministry of Tourism, I think this is a way of saying that tourism does not have beneficial effects on everyone.

There is now a political awareness that tourism is a priority sector. And I believe that His Majesty the King has had this conviction for a long time, since he urged the government to perfect this tourist code. And we hope that the royal concern will continue to benefit this sector, which contributes substantially both to employment and to a better distribution of the national wealth, both in foreign exchange income and in agriculture, as well as to the process of general economic development. And I believe that the men who have been appointed to head a certain number of delegations are men who will contribute all their efficiency to this new dynamics. We are currently in the process of carrying out a certain number of reorganizational activities both on the level of the domestic and foreign delegations, so that the general movement can be supported by competence.

My concern is that the Moroccan administration continue to assign to this sector the full importance it merits. What has just been decided is very important, when it comes to eliminating visas and passports or not requiring passports for a certain number of countries.

And this decision is one of great importance. This idea must trickle down to all of the Moroccan administrative levels, whether it be transportation, customs, the police, inspectors, the Ministry of Commerce and Industry, the governors, the local authorities or the population, so that tourism can be a concept which penetrates our homes. And if tourism in Spain is currently experiencing the development which it is, it is because Spain itself takes charge of a large number of the tourists. And on the day when Morocco begins to welcome tourists to its hearths and homes--at that moment, coexistence will have been effected. Thus my main concern is for this new dynamics to continue and for tourism, finally, to become a priority for all.

5157

CSO: 4519/320



MINISTER'S COMMENTS ON FISHING AGREEMENT WITH SPAIN

Rabat L'OPINION in French 21 Aug 83 pp 1, 3

[Interview with Bensalem Smili, Minister of Ocean Fisheries and Merchant Marine: "Smili: 'An Agreement That Reconciles the Views of Both Parties'"; date and place not specified]

[Text] On the occasion of the signature of the Moroccan-Spanish fishing agreement, Mr Bensalem Smili, minister of Ocean Fisheries and Merchant Marine, gave an interview to the Maghreb-Arab Press Agency; we are publishing it below.

[Question] Mr Minister, negotiations between Moroccan and Spain lasted close to eight months; what was their outcome?

[Answer] As you know, ocean fisheries represent an important sector, and one which has a considerable social impact in both countries. This is why it took arduous negotiations to arrive at an agreement which we wanted to be a long-term agreement. We can now say that the agreement reached reconciles to a large extent the points of view of the two parties.

[Question] Could you give us some information on the content of this agreement?

[Answer] The major provisions of the agreement have to do with the following points:

1. Fishing operations: it was agreed that fishing would be reduced by 40 percent over a 4-year period starting later this year.
2. Changes in fishing techniques and fishing zones, to complement the reduction in fishing operations.
3. Dues, which will be gradually increased to a total of 70 percent by the end of the agreement period.
4. Financial cooperation: a 400-million dollar loan to be used for purchasing Spanish goods and services; and a 150-million U.S. dollar loan from the Spanish state to the Moroccan state, under favorable terms, to finance infrastructure and public works.

[Question] What was the basis of the Moroccan position during these negotiations?

[Answer] I believe the Moroccan position will be better understood if it is viewed in the present context of our national economy in general, and of the ocean fisheries sector in particular.

As you know, Moroccan ocean fisheries have experienced considerable change, especially since 1981.

This date marked the beginning of a profound mutation in the maritime sector.

Following instructions from His Majesty, King Hassan II, a special Ministry of Ocean Fisheries and Merchant Marine was created, and that sector was given top priority in the 1981-1985 five-year plan. At the same time, Morocco proclaimed a 200-nautical mile exclusive economic zone.

At the same time, a new law providing incentives for maritime investments was adopted.

This shows the importance attached by the government to ocean fisheries, whose fishing potential can provide a tangible contribution in creating jobs, providing food, helping with payments.

This contribution is particularly important in view of the economic conditions which now prevail in our country as a result, among other things, of the world crisis, the drought, and the increasing cost of energy.

The present participation of the Moroccan fleet in the overall fishing potential of our economic zone is indeed modest (30 percent) but its future prospects are closely related to the state of development of our national fisheries.

In this respect, reports from national and international scientific organizations are unanimous in denouncing the nearly general overfishing of Moroccan fishing reserves.

As a result, any growth of our fisheries could take place only if it were to replace foreign fishing operations, instead of adding itself to them.

This is why the preservation of our national fishing resources formed the basis of our negotiations.

We should also point out that continued intense fishing of our reserves would also have endangered coastal-fishing operations, and I need not recall the essential part these play in supplying the Moroccan market and industries, not to mention the contribution they make in providing jobs and foreign currencies.

[Question] Mr Minister, on many occasions you have stressed the important part played by coastal fishing; does the agreement contain special provisions in favor of this subsector?

[Answer] Indeed, we can say that coastal fishing is the sector most affected by Spanish fishing operations. For that reason, in addition to the 40 percent reduction in fishing operations--starting with 20 percent as of 1 January 1984--the Moroccan party made it a point to introduce the following provisions in the agreement:

1. Creation of a zone reserved exclusively for Moroccan coastal fishing, between Larache and Tangiers.
2. No foreign fishing boat will be allowed within one nautical mile from the coast.
3. Use of a minimum mesh-size of 50 mm instead of 40 mm for shrimp and hake fishing; this should relieve the pressure placed on these species, which is now very strong.

All these measures, coming in addition to [the reduction of] fishing operations, cannot fail to have beneficial effects on coastal fishing, while also preserving our reserves.

[Question] Did the Spanish party show understanding for your concerns?

[Answer] I must say that the Spanish party was convinced that mining-type fishing was now a thing of the past, and that it was aware that reserves of certain overfished species were now in danger. The Spanish party also agreed that if we continued fishing these reserves at the same rate as in the past, we would only compromise the very existence of the fleets of our two countries.

[Question] Mr Minister, do you believe that the present agreement fully answers the concerns of the Moroccan party?

[Answer] Fully, no; but compared with the situation that prevailed before, we can say that a progress has been made as far as reducing fishing operations is concerned, and that it represents a positive step toward fulfilling our objectives, even though it is still insufficient considering the dual necessity of safeguarding our reserves and at the same time preserving a growth margin for Moroccan fisheries.

Certainly, the agreement was the result of mutual concessions, both parties being moved by the same determination to establish a durable cooperation on equitable bases.

We should also point out that, in spite of some differences in our points of view, the negotiations took place in a spirit of cordiality and mutual respect.

9294  
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# RATIONALE FOR SUDANESE-EGYPTIAN INTEGRATION DISCUSSED

Cairo AL-AHRAM in Arabic 14 Jun 83 p 7

[Article by Dr Jamal-al-Din Sadiq: "How Egyptian-Sudanese Integration Can Be Nucleus of Arab Integration"]

[Text] For the Egyptian-Sudanese integration to achieve its objectives, production elements and goods must enjoy free movement. It is obvious that the freedom of movement, in addition to coordinating the economic factors and harmonizing the aspects of economic activity to serve the joint interests, is a guarantee for the integration to achieve its objectives. We must add to these a third factor, namely, ceaseless efforts to enhance productivity within this vast geographic area. Thus, trade between the two countries will be established as part of the full utilization of the resources and manpower existing in the two countries, of the elimination of obstacles facing trade between them and of the adoption of measures permitting the exchange of the two currencies.

To start with, we must note that both countries are developing countries. Therefore, their integration must not be viewed from the standpoint of liberalizing trade, as in the case of the European groups, but from that of coordinating investment decisions in order to build a complete production structure in which the trade transactions are based on a broad production level. This opinion is reinforced by the experiences of the developing countries. At this point, the path leads us to the need to coordinate and to bring closer to each other methods of dealing with the budget problems in both countries, with the development philosophies and with the goals and priorities of the plans and the need to unify the tax regulations in force in the two countries.

What is most important in the Egyptian-Sudanese integration is not that it adds an international quality to the two countries' relations but that it is a formula emanating from need and from a serious logic compatible with history. This integration serves the future of both countries and is tantamount to a positive stance by both in dealing with the future development of their productive manpower. This is why the development must include all the spheres of production, exchange and financial and currency relations. It is enough to note the existing situation to realize the extent of the success awaiting the integration processes, the most important of which are firm cooperation and the similarity of the political and social base in the two countries. What we mean by similarity here is the presence of the same type of production

relations and of a closely similar economic and social structure in the two countries, even though some people like to point out a possible difficulty by noting that each regional economy constitutes in itself a stable economic structure with a relatively constant specialization. Despite what some objectors and doubters disseminate about the emergence of a contradiction between the tendency established to add an international quality to the production and the narrow organizational framework of this production in (each state), the answer to this argument is that integration in its present framework does not constitute elimination of the political borders or relinquishment of the national sovereignty of either country. This integration is an organized and deliberate process to respond to the need for unity between the two countries--a unity responding to the call of history, of common interest and of factors of natural, geographic and human unity. Integration is the step that combines the constantly progressive internationalization of production with preservation of the national sovereignty within a sound framework. Integration is also the step that permits the creation of a common background for the political system.

We know that economic laws are the laws that influence political development in the long run and that bring about change even in political concepts. But we are concerned with the short range in which the decision is taken. In this short range, the political factors have decisive influence on economic relations. Economic integration requires emphasis on the role of the vigilant will in determining society's course. This will is not just a desire to bring about a certain change. Rather, it is making the decision, determining the steps, defining the stages, mobilizing the resources and then beginning the implementation. Finally, this will is the will for liberation from subservience to the world market and the will for development, especially since the economic blocs have been consolidated and have grown in strength and number. The European Common Market has become a decisive warning to the backward countries, both small and large, not to mention the Arab countries joined by their aspirations for pan-Arab unity, that the age of isolated regional development has ended for good.

Any step for integration between two Arab countries is a challenge to division, backwardness and subservience. It is not enough that the Arab countries have common interests. These countries must embark on a confrontation to liquidate the legacy of doubt and suspicion accumulated in the Arab arena as a step toward abandoning the currently prevalent thinking that each country must build everything by itself and in isolation from others and toward replacing this thinking by efforts to achieve a form of division of labor among them--a form that is not content with avoiding duplication in production but that goes further to build the elements of mutual reliance among the Arab countries. This will not be hard to achieve when the success of the Egyptian-Sudanese integration as a model and a nucleus is confirmed.

8494  
CSO: 4504/520



# CHRISTIANITY, WEST IMPLICATED IN SOUTHERN DISCONTENT

Kuwait AL-MUJTAMA' in Arabic No 630, 26 Jul 83 pp 22-24

[Article: "Problem of Sudan or Problem of Its South; Sudan's Future and Unity in Light of Latest Disturbances; Part of Anya Nya Forces Take Refuge in Jungle; Common Incentive for Rebellion No Longer Exists; True Nature of Internal Struggle in South; Is South Truly Christian Area? Problem of South Does Not Exist Except Within Framework of Sudan's General Problem; When Will Obstacle of False Message Disappear?"]

[Text] Events in South Sudan in the past few weeks and the earlier events make many people wonder about Sudan's future and unity in the light of these disturbances, which involved developments similar to those of the 1955 rebellion, though on a much narrower scale. However, the recent events do contain features of the past events. Just as northerners were killed in the famous rebellion, something similar happened this time. But the new circumstances have not helped the sedition spread as it did in the past.

But what the observers assert and what the official authorities in Khartoum imply is that a part of the southern army, previously called the Anya Nya, has again resorted to the jungle and has resumed what it used to do before, namely, lay in ambush for the government forces, hunt down its troops, plant mines and spread chaos and terror.

## New Developments

But there are new developments that stand between the rebels and their incitement of war in its past form. The common incentive that had united many southerners in the guerrilla warfare that lasted 17 years is no longer present. In the past, the southerners had an issue with a real and galvanizing asset. But that issue and that asset have largely been dispersed now that the fires of the revolution have been dead for more than 10 years, the lifetime of the Addis Ababa agreement concluded in 1972. Consequently, to rekindle the issue in its past form is no easy matter.

Moreover, the southerners were united in the past behind their issue and the slogans they raised. But since the agreement, and with its survival for this length of time, it is not easy to persuade the southerners to carry arms for the sake of a camouflaged [mumawwahah] issue or an issue reflecting conflicting tribal interests or the eagerness of some factions to annihilate others. Even if this persuasion works, the result will be an intrasouthern war and not, as in the past, a war against the Muslim Arab north, a war whose fires the church circles were fanning as if they were mobilizing a new crusade.

#### Lost Bases

Another change is reflected in the fall of the bases that served as launching sites. In the past, Haile Selassie's Ethiopia constituted the base through which the Anya Nya forces received their weapons shipments from the crusader [meaning "Christian"] world and Israel and in which they found training sites. Uganda was another fundamental base, perhaps leading Ethiopia in some respects. But now new circumstances have developed in both countries, which are preoccupied with their private problems and concerns and neither of which can embroil itself in a new area of struggle.

Whoever aspires to rebel against the central government is perhaps dissuaded by recalling this fact.

#### What Happened Basically

After these preludes, the esteemed reader is probably looking forward to learning the true causes for what happened recently. The truth is that the events, which were quelled by force, had two motives: An internal motive embodied in internal conflicts emanating from racial ['asabiyah] and tribal bases. This is an issue that must be stressed if one is to understand what is going on in the south. Conflict has developed between the interests of these tribes and their balance of forces has been upset, according to their views and their premises. The struggle at this time is largely a struggle for power and for sharing this power, in addition to the general hardship in which Sudan is floundering and which has in fact hurt the south more severely.

As for the external cause, if there is one it lies in the republican decree calling for the redivision of the south into three provinces. Some southerners view this decree as damaging to the unity of the south and as reflecting the intention of the Muslim Arab north to fragment the south and keep it backward.

#### Unknown Facts

Crusader [al-Salibi; meaning Christian] sources and media have succeeded in depicting South Sudan as a totally closed Christian area that the Muslims of the north seek to coerce and force into what it does not want.

The truth is that this is a lie, without a grain of truth. South Sudan is not Christian, as it is being depicted, and the Christians constitute no more than 5 percent, maximum, no matter how hard the tendencious argue. Perhaps what many people don't know is that Muslims are greater in number in the south than Christians. If a correct percentage is to be used for the south, then it would be said that it is pagan, considering that the overwhelming majority of its population is pagan.

This lie has been propagated by the early attention which the church devoted to the Christians of the south who were given the opportunity to be educated inside and outside the church institutes and to whom the doors of the Western universities were opened at an early time so that they might constitute the intellectual vanguard among the south's population in the future and thus assume the positions of power and of leadership. This plan has proceeded according to design and is now a reality. If people look for those who are influential in the south, they will find that all or most of them are followers of Christianity, and thus they imagine that most of the southerners are Christians.

#### Another Thing

As we have already noted in citing views concerning the latest rebellion, those who have staged it believe that there are efforts to fragment the south's unity. This viewpoint is based on what we have already said, namely, that the south is Christian. Whoever hears this view imagines that the Christian nature of the south has given it a unity of a distinctive character. This would be true if the premise were true. But it is not so and the south is not Christian, as we have already noted.

But there is no unity in the south to be fragmented. There is no racial unity, cultural unity or unity of creed or faith. These are the basic factors that can create unity or federation among a group of people.

It is well known that there are in Sudan 120 local dialects and that the south has at least half or more of these dialects. There is no single language to which the southerners can resort. Everybody has his own dialect to which he clings and in which he believes. The common language among the southerners is Arabic.

The attempts of the modern crusader onslaught, known as colonialism, to record the southern dialects and to try to achieve a common local dialect have failed despite all the efforts exerted.

English has been brought in as a rival to Arabic but has not found its way to the common people as a spoken language and has remained confined to the educated group.

What is said about the south's culture can be applied to the races and the population elements in the south. It can also be applied to the creeds and faiths prevalent there. Therefore, there is no chance for

the unity that the rebellious Anya Nya groups fear, unless we taken into account geographic considerations and turn these considerations into something on which much is built. We do not deny the importance of this factor, but facts prove that we cannot give it great weight.

#### Seat of Exaggeration

When Muhammad 'Ali Pasha invaded Sudan in 1821, his main objective was to get men to strengthen his army and to achieve his expansionist dreams. The slave trade was centered in Africa at the time and South Sudan suffered its share of woe from that trade. Even though numerous European elements engaged in this trade, and even monopolized it at times, church education has succeeded in making the victimized southerners forget the European crimes, and all that is remembered is that the Muslim Arabs were the enslavers and that the white man came to free the southerners from the tyranny of the Muslim Arabs.

There is no doubt that this sensitive instigation falls on attentive ears, especially when it comes from those who are generous with their favors. These exaggerations and figments of the imagination have found their way into the minds of the Christian southerners and have grown and developed with them, thus uniting most of them.

They were the source that ignited the rebellion, with all its woes and hardships. These exaggerations and figments of the imagination have been the only element uniting the southerners.

There is no doubt that eradicating this exaggeration requires time, ethics, a good example and vigilant foresight and, above all, a spirit of advocacy [da'wah] and a feeling of mission that the Muslims, especially in northern Sudan, have never possessed to sufficient degree.

#### Question of Future

As we said at the outset of this article, the spirit of rebellion has infiltrated the Anya Nya forces anew and some of them have taken refuge in the jungle. Even though as we have noted, those factors that previously helped the spirit of rebellion spread in the past are no longer present, this does not mean that there is no possibility that the rebellion will spread and catch fire anew.

#### Fact That Cannot Be Disregarded

Sudan's problem at present is the problem of the tyranny prevalent everywhere in Sudan. Tyranny always involves an absence of security for the ruler and for the government, the only concern being to protect the regime and to impose its domination. This becomes the only concern, exhausting all of the state's energy and effort.

This condition applies fully to the Sudanese regime. Its security budget consumes nearly all of its resources, not to mention the corrupt elements whose sole concern is to get rich and indulge in pleasures while sucking the people's blood and walking on their dead bodies. All this is of no concern to these elements; the only thing that concerns them is to remain beyond reach.

All these facts have created an atmosphere that does not enhance reform, except for resounding statements and promises. But practically, the battalions of corruption and corrupters move securely and sleep soundly, with nothing to disturb their sleep.

#### South's Real Problem

There is no southern problem except within the framework of Sudan's general problem, which we have already explained, i.e., the problem of the absence of justice from which the north at times suffers greater doses than the south. When the dawn of justice breaks in Sudan, then the path to the solution of all its problems will be open.

#### Main Obstacle

An obstacle common to the entire Islamic world is the problem of the false message and the futile inclination. The Islamic nation has been inundated with an enormous number of false theories and false, mirage-like goals and has been saturated with the slogans of nationalism, pan-Arabism, liberalism and socialism, and all that is in between without reaping anything worthwhile or making any impact on hearts or minds.

This false message, or messages, has clashed with the upright message--Islam--without being able to lead people forward or letting Islam lead them forward.

Unless the nation clings sincerely to the upright message, then it will have no path.

#### Explanation and Detail

Sudan contains numerous elements, races and dialects that have never in their history been united and whose differences have never been merged as they were united and merged during the era of the supremacy of Islam.

The danger lurking nowadays for the Islamic world, and for Sudan as well, is the danger of division and disunity under the banner of futile tendencies and false messages that we have already noted.

If people examine some features of South Sudan carefully they will find that the common language is Arabic and that attempts to write its dialects in Arabic letters have succeeded. If people read some of colonialism's documents, they will find statements by the colonialists about their efforts to stand between the southerners and Arabic, considering that Arabic is the language of Islam and that the tongue cannot be separated from the body.



The sole concern of colonialism was to wipe out any features of unity that it found to be linking the south with the north in Sudan. Colonialism thus banned Arabic, Muslim names and non-European apparel and exerted its utmost efforts to uproot every Islamic feature because it was certain that the multiplicity of Islamic elements was the melting pot and the framework within which all other elements could be fused.

The British--those representatives of the modern crusade in Sudan--read history thoroughly and understood the nature and qualities of Islam through their orientalist and thus proceeded with their plan to fragment and divide Sudan with ample foresight.

#### What Nationalists Could Not Utilize

Upon the departure of the British, it was hoped that the Sudanese would strive to utilize the wealth of Islam and unite the pagan elements in the south, many as they are, within one framework.

But the plans for distortion and falsification drawn up by the expert British crusader hands foiled (this tendency) and succeeded so well in their objective that the opportunities that fell to the church organizations after the departure of the British were such that these organizations had not dreamt of them even when the British were the only wolf tending the sheep.

The opportunity subsequently became available to overcome this situation but nothing was done and nothing reassuring has happened so far.

#### Remaining Hope

However, hope in God is never lost. The years in which South Sudan was closed to Islam and Arabism have gone and we hope that God will send among the sons of Sudan those who are eager to develop the unified culture of all the citizens of Sudan--a culture that will be within no framework other than the framework of Islam.

May God lift tribulation from the entire Islamic world with a new dawn that eliminates the eras of aimlessness and dispersion, and from God help is sought.

8494

CSO: 4504/532

## CRISIS OVER JUDGES' DISMISSAL REVIEWED

London AL-MAJALLAH in Arabic No 178, 9-15 Jul 83 p 33

[Article: "Judiciary Crisis in Sudan"]

[Text] For the second time in nearly 3 years, a silent crisis has erupted between the Sudanese authorities and members of the judiciary. Even though it was possible to overcome the previous crisis through some mediations, the present crisis has been somewhat prolonged. Two weeks of crisis have passed with the emergence of no sign of its being settled yet. On the contrary, the crisis has intensified and it is feared that it will leave its clear imprint on relationships among the country's government institutions.

The current crisis erupted when the Sudanese president issued a decree retiring nearly 43 judges of various ranks because of what he called the corruption and disgraceful behavior of some. This measure prompted members of the judiciary, estimated at nearly 500 judges, to stage an open strike as of 11 June to protest the dismissal of their colleagues.

Four days after the start of the strike, Sudanese President Ja'far Muhammad Numayri spoke to the Sudanese people on radio and television and dealt with this crisis, saying that the citizen's confidence in a person or an establishment might be shaken and that this might be bearable, but what is unbearable and unforgivable is to see the citizen's confidence in the judiciary shaken. He added: "This is why I have been eager to follow up on the citizens' complaints and appeals that have continued to occupy my office and my time. The essence of these complaints is the corruption, the graft and the disgraceful behavior about which people have been talking p-ivately and in their get-togethers and which do not become those whom the homeland has entrusted with its rights and its sanctities."

President Numayri said further: "Duty has dictated that I follow up on these complaints by the citizens and that I issue my fair decree retiring a number of judges because I believe that the reasons justifying this decree are present and because the citizens' confidence in the judiciary cannot be achieved without ousting those who have harmed the judges and the judiciary with their behavior and conduct." President Numayri added: "The citizens

concerned with the judiciary and its future have received this decree with satisfaction and contentment. But a group of judges, supported by a group of corrupt lawyers, have allowed themselves to be swayed by their emotions and have urged their colleagues to stop working. The state agencies have been watching and observing these movements."

Numayri pointed out that he had issued his instructions that no measures would be taken [against the strikers] in the hope that they would return to their senses and understand the error and seriousness of what they are doing. However, this tolerance has encouraged this faction to persist in its erroneous ways and to send delegations to the provinces to urge the judges to stop working. They have even been instigating members of the legal profession in other establishments to act in solidarity with them and to support them. Some of the rejected elements then began to move, having prepared the proper atmosphere for exploiting this improper action in which some judges have become embroiled, with their work strike entering its fourth day. President Numayri then said: "In view of this action, which is not justified by law, is not supported by logic and is not beneficial to the homeland's and the citizens' interest, my constitutional and national duty requires me to declare to the citizens that I will not be tolerant where the homeland's security and stability are concerned, will not be amiable where the rule and supremacy of the law is concerned and will not permit the advocates of sabotage and chaos to tamper with the homeland's stability and safety."

Numayri asked all the judges who had stopped working to immediately return to their jobs as of the morning of Wednesday, 15 June 1983, warning that all the legal measures will be taken against those who fail to perform their duty. Numayri also instructed all of the other law agencies concerned with Sudan's stability and security to carry out their duty vis-a-vis any action by "these corrupt graft takers and to take measures to safeguard this country's security and stability."

#### Strike Continues

On 18 June, the Sudanese president announced the formation of a committee entrusted with surveying the jobs vacated in the judiciary and filling these vacancies with legally capable and experienced citizens. But 2 weeks later, it became evident that the members of the judiciary clung to their strike and refused to return to work. Faced with this stand, the Sudanese authorities dismissed 106 more judges, retiring them under the provisions of the public interest law. All of these judges are from Khartoum Province and from a part of about 500 judges striking throughout the country in protest of the dismissal of their colleagues. They have refused to respond to the appeal that President Numayri addressed to them on 14 June to return to work immediately or face legal measures against them.

In solidarity with this position, the Sudanese Lawyers Union has issued several resolutions pertaining to this crisis. The union has asked its members not to appear before religious, civilian and criminal courts at all levels as of the 22 of this month. It has also asked its members not

to respond to any attempts to recruit them into the judiciary during the judges' strike. The union has issued another resolution asking its members to advance financial support to the judges affected by the recent [dismissal] decisions. The union council has asked those who have been lawyers for 10 or more years to pay 200 pounds, those who have been lawyers for 5-10 years to pay 100 pounds and those who have been lawyers for 5 years or less to pay 50 pounds. With the latest decrees, the number of judges dismissed in Khartoum Province exceeds 150, representing more than 90 percent of the judges working in the province. Thus, litigation proceedings in the Sudanese capital have been halted for more than 2 weeks.

Some circles closely connected with this crisis point out that there is a conviction that a limited number of those included in the dismissal decree are not totally innocent of the accusations underlined by the Sudanese president. But the disagreement has arisen over the manner of the dismissal and the campaign connected with it--a campaign likely to shake the citizens' confidence in the judicial establishment generally. These circles believe that it would have been better for these elements to be referred individually to judiciary examination councils for examination of each case separately and then presentation of their recommendations and resolutions to the higher authorities for their decision on each cases.

Regarding the accusations made by the Sudanese president against a group of lawyers engaging in corruption, a member of the Lawyers Union Council has pointed out that this group constitutes an intruder in the legal profession and that the union council is neither a party to or a reason for this group's belonging to the profession because the council is not the authority that issues the professional license.

In his speech, the Sudanese president had announced that the time has come to reexamine the controls on the legal profession and the code of ethics of the profession and to bring to account those who swerve from this code. The president also called for a reexamination of the bylaws regulating the profession.

Concluding his address to the Sudanese people, the president presented what he called the strategy of complete justice on the basis of what has been established in the comprehensive political program for the third presidential term. The Sudanese president announced the formation of a national committee under his chairmanship to examine the implementation of this strategy.

8494

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## FUNCTION, RESPONSIBILITY OF FREE PRESS DISCUSSED

Khartoum AL-SAHAFAH in Arabic 21 Jun 83 p 10

[Article by Ahmad al-Maghribi]

[Text] Three groups of leaders in the [Socialist Union] organization, in the press and in the academic field, as well as others, are working to convene a symposium entitled: "The Press: Freedom and Responsibility." In an energetic response to the comprehensive political program concerning a rejuvenation of culture and information, Badr-al-Din Sulayman, Central Committee first secretary and chairman of the Political Affairs Committee, called for the convocation of this symposium, which will be open and to which the officials have been eager to invite people with views and specializations.

The symposium itself reflects a considerable degree of rejuvenation because it is preceded by comprehensive preparations by the above-mentioned three groups. This preparation involves numerous meetings and consultative sessions to study all of the documents, laws and decrees pertaining to the press, publications and printing. This is an introduction to provide familiarization with the symposium scheduled to be held the evening of the 27th, the 28th and the 29th of this month. I will not express an opinion here on the issue itself because the place for this is at the symposium and during the preparations preceding it. However, I will pose questions that may whet the appetite for a constructive dialogue that, I hope, will not be confined to the symposium.

Question: Why should we convene a symposium on the freedom and responsibility of the press or on the responsible press? Is there a feeling that our press is shackled and not free and that the time has come to untie its shackles so that it may proceed to perform its tasks? Is there absolute press freedom in any country? Can a paper owned by a Zionist establishment, for example, write against Zionism? Can a reporter from a partisan paper in a liberal country praise an opposing party or criticize the paper's party?

The second question: We have been hearing continually that the press is owned by the Sudanese Socialist Union; what is the meaning of this ownership? Is it financial ownership, meaning that the organization owns the assets, such as the equipment, furnishings, property and other articles, that it purchases the necessities, pays wages and then makes profits or incurs losses from the



paper's revenues? Is it a political ownership, meaning that the press reflects the organization's opinion and abides by its policy line? What is the organization? Is it just the leadership or is it the entire membership? If the organization is this or that, then does it have an opinion on everything great and small--an opinion that all of the members embrace? Or does the ownership mean both things?

The third question: What is the task of the press or of the press establishment in Sudan in particular, meaning in Sudan with its system and its constitution, which are known to all? Is it the task of the press to convey the leadership's opinion and news to the masses? Is it its task to transmit the opinion of the masses, or at least those among the masses who wish to express an opinion? Is it a conveyor of opinions in both directions? To make the question clearer, is the press a partner in making the policy enacted by the regime or is it just a promoter of this policy? This question is highly significant because only in the light of a sound and acceptable answer to this question can the press' task of criticizing be determined, considering that it will in this case be self-criticism emanating from the organization's press and not criticism directed from outside. In light of the answer, we can find a clear scientific explanation to the organization as an open organization.

With the existence of articles in the penal code concerning libel, damaging lies, the instigation of sedition and the violation of spiritual and divine beliefs and so forth, are we entitled to impose restrictions on the journalist in reporting and commenting on the news or should we be content to leave him to the judiciary and to justice when there is suspicion of a misdemeanor?

The fourth question: What is the paper's right to obtain information and to get to the facts? Can a proper climate exist for the press in the absence of information? Should we leave the question of providing the press with information up to the disposition of this or that official who possesses such information? To phrase it differently, can a paper be free if the official in possession of the information is also free to withhold the information? It is important to hear the opinion of our journalists on the hardship they experience or the ease with which they obtain such information. Here, we must remember that whatever is withheld from the press and whatever the press keeps silent about and does not deal with cannot be kept from the people in their private meetings and exchanges where the truth gets mixed with lies, exaggeration with fairness and moderation with extremism in a manner that makes the truth itself unacceptable to the people when they get it too late.

We admit that there are at times certain circumstances that require us to withhold certain facts in order to avoid panic among the citizens out of eagerness for the security and stability that we always seek. But this is a case that I view as the exception that reaffirms the rule.

In this respect, we wonder: How far should we go in permitting an official to make a statement incompatible with the truth just so that we may laud and praise (his accomplishment), thus falling into his trap of coloring the truth? Here, we wonder: How is the regime's interest served by such behavior? We also ask another major question: (What will be the people's opinion of a

regime that needs to protect itself by hiding the facts or [word illegible] some of its officials?) The rule is as clear as the sun: Not everybody who praises is a loyal friend and not everybody who criticizes is a hostile opponent. Many are the opportunists who make a trade of praise and few are those who are damaged by constructive criticism.

There are numerous other questions that may come to the mind of anyone concerned with the press--questions that are perhaps too many to mention in this limited space. So let us note some of them briefly. Do we have a publishing house? Where is the light-reading magazine that combines politics with various cultural subjects and pictures, and even refined recreation? Who is the journalist?

What is the board of directors' relationship with the editorial staff? What is the press' relationship with the Ministry of Information? How free is the freelance or amateur (meaning from outside the editorial staff) journalist? How free is the chief editor to accept or reject what he receives from the reporter? What are the chief editor's criteria in both cases?

Ultimately, we may leave some of these questions without a decisive answer or with a loose answer. The issue is not as easy as some imagine. However, we hope that the dialogue will lead us to something better, if not to perfection. So, welcome to the dialogue.

8494

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# DIFFICULTIES OF BALANCING, FINANCING 1983-84 BUDGET EXAMINED

Khartoum AL-SAHFAH in Arabic 14 Jun 83 p 5

[Article by 'Uthman Muhammad Yusuf, first inspector in the Ministry of Commerce: "Budget Is Serious Attempt To Adapt to Financial and Economic Difficulties"]

[Text] I believe that the main thrust of the fiscal 1983-84 budget is embodied in the policy of controlling the money supply by controlling public and private spending, abolishing the government subsidy for essential goods and encouraging savings, in addition to increasing production in order to replace imports and improve the export situation. In its entirety, this budget represents steps to restore the economic balance. Rather, it represents prescriptions to correct the ugly mistakes we committed in the past. Moreover, the budget is an attempt to adapt to the international financial and economic difficulties surrounding us. If we may use the phrase, we can call this budget the "difficult budget." We find on the one hand that curtailing public and private spending results in reduced income and demand. Moreover, rising interest rates and the constant devaluation of the currency result in raising production costs. Besides, currency devaluation may not be effective if not coupled with firm measures to slow local demand. There is no doubt that all these factors together will have a negative impact on both the volume of production and incomes.

Generally, economic balance is achieved through increased production to meet local needs and to generate a surplus for export to finance imports and other expenditures. But in present circumstances, we find that production components [mudkhalat] represent more than 50 percent of Sudan's imports, and this means increased local production costs and export costs. In addition, we find that most of our exports are in raw materials and that the international demand for these materials is not very flexible. This is in addition to the protection policies adopted by the industrial countries. On the basis of the above, we can conclude that the objective of improving exports by bolstering our competitive position in the world markets is a goal that may not be achieved in the short run.

On the other hand, we find that the rationalization of imports on the basis of the striving for self-reliance is also a somewhat complex issue, considering that production components and essential food commodities represent nearly 70

percent of all imports. Therefore, any disruption in the flow of these commodities will undoubtedly lead to idling production capacities, in addition to playing a role in the local currency inflation. Moreover, the fact is that taxes on imports represent nearly 33 percent of the general budget's total revenues.

The equation of curtailing public spending and completing infrastructure projects may also become difficult, especially in a developing country that is still faltering on its way to progress. This is in addition to [the difficulty of] completing the regional government structure.

Insofar as financing the budget deficit is concerned, we find that within the framework of the measures to control the supply of money, the budget has kept the brakes on borrowing from the banking apparatus--"financing by deficit." Other sources have been sought to finance the deficit, including short-term borrowing through treasury bonds. This is considered a modest source because of the weakness of the money market generally, in addition to lack of awareness insofar as such transactions are concerned. The second source is foreign borrowing. There is no doubt that the fiscal and currency reforms we have enacted have qualified Sudan for foreign borrowing. But the amount of the [foreign] debts saddling us and the constant rise in the cost of servicing these debts indicate that the deficit will continue to intensify. In this regard, it behooves us to note that Sudan is still in a better position than other countries, considering that reports have indicated that nearly 34 developing and Eastern bloc countries are on the verge of complete bankruptcy with the debts due for payment by these countries in 1982 alone amounting to nearly 100 billion.

As for regulating the free currency market, I had expected reexamination of the decision to abolish the private money-changing establishments--an abolition which has resulted in the emergence of the black market, which has entered into an unequal competition with the commercial banks. This has caused resources to escape to the black market by virtue of the higher prices available there compared with the banks. As a result of this situation, bottlenecks have developed in securing the resources necessary for financing imports, and a tendency to set financing priorities has emerged. This undoubtedly constitutes a tendency to restore the past, which is incompatible with the declared open-door policy.

I would like to add one more thing, namely, that all the points I have raised represent in their entirety a personal viewpoint whose soundness is based on the relationship that develops among several changing factors. Perhaps this is the basis of economic science.

8494

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STATE, DEVELOPMENT BUDGET FEATURES FOR FISCAL 1983-84 HIGHLIGHTED

London AL-SHARQ AL-AWSAT in Arabic 10 Jul 83 p 5

[Article: "Light Shed on Sudan's New Budget; Encouraging Establishment of Islamic Banks and Developing Agriculture, Energy Projects and Industrial Sector"]

[Text] The Sudanese National People's Assembly recently approved the draft general state budget and development budget for fiscal year 1983-84 after discussing its provisions and after it became evident that it is a budget characterized by realism for the first time in years, especially considering the difficult international and local economic conditions and in the wake of the intensifying inflation, which has been coupled with repeated reduction of the Sudanese pound's exchange rate, the latest such reduction coming in November 1982, and devaluation of the pound to 76 percent of the dollar on the official market, meaning that the dollar is now worth 130 piasters. Another price has been set for exports, namely, the price of 144.25 piasters per dollar, to encourage exporters. This is in addition to a collateral price set for bank transactions so that banks may purchase the dollar for 185 piasters whereas the dollar has exceeded 2 pounds on the black market.

Comparing the 1983-84 fiscal year budget with the preceding budget for 1982-83, we find that there is an improvement in the control of government spending and in terms of accuracy and realism in understanding the Sudanese economic problem, which has intensified with the growth in the balance of payments deficit and in the widening deficit between imports and exports, this deficit growing from \$337 million in the 1981-82 budget to \$590 million in the 1983-84 budget. However, this deficit has begun to diminish and is estimated at \$504 million in the new budget.

Even though the volume of the foreign debt was set at \$7 billion at the end of 1982, the repayment conditions on which agreement was reached with the Paris Club States reduced the repayment burden from \$295 million to \$50 million by the end of 1983. If anything, this indicates such restored confidence in the Sudanese economy that it is now hoped that state debts payable by the end of 1984 will be treated similarly and that foreign financing will be obtained to make up for the deficit in the balance of



payments, estimated at \$504 million in the new budget, and to meet the commitments pertaining to the final year of the 3-year development program-- commitments estimated at \$400 million. This was announced by the minister of finance and economic planning in his review of the budget before the National People's Assembly on 1 June 1983. In any case, the budget allocates \$355 million to repay loans, interest and overdue payments on foreign debts.

#### Government Spending

As for reducing government spending, the government has adopted strict measures insofar as the use of manpower is concerned, with the total spending on employment reduced from nearly 14 percent in 1982-83 to nearly 6 percent in the new budget.

Even though the intrinsic revenues of the new budget have been estimated at 1.599 billion pounds, they include 1.261 billion in tax revenues (compared with 1,007,700,000 pounds in the closing budget). This means an increase in the tax revenues estimated at 25 percent, whereas the nontax revenues constitute a small sum compared with the previous budget. Nontax revenues [in the new budget] have been estimated at 338.4 million pounds, with reservations expressed by the minister concerned in estimating the revenues of the ministries, agencies and public companies and establishments.

General spending, or the expenditures item, totals 2,463,400,000 pounds (compared with 1,910,100,000 the previous year), an increase of 29 percent over the previous budget.

#### Foreign Currency

As for foreign currency estimates, those drafting the new budget have planned them to be sufficiently flexible and to be subject to constant review in the light of internal and external indicators and developments. The foreign currency resources have been estimated at \$1,959,500,000, including \$651 million in revenues from Sudanese exports, \$446 million in remittances from expatriates and \$555.5 million in drawing from foreign loans.

In this respect, the government is required to formulate organized policies to attract the expatriates' remittances, which can amount to many times the estimated sum, can cover foreign loan resources and can contribute effectively to meeting the deficit in the balance of payments. These payments go mainly to meeting consumer needs and to importing essential goods, such as wheat, flour, medicines, petroleum products, production components and the private sector's needs for semiprocessed and capital goods. All this is included within the framework of the imports, estimated at \$1,776 billion.

## Budget Deficit

In view of the deficit in the budget and the gap between exports and imports resulting from increased consumption and reduced production, the government has found it necessary to implement the slogan of "self-reliance and self-restraint" while providing strong booster shots to enhance the productivity of the agricultural projects whose early (yield) is reflected in an abundant cotton crop this year. The government has pledged to issue government bonds and sell them in the local market to cover the deficit in the internal balance, which amounts to 864 million pounds, [instead of] covering this balance with foreign loans and financial grants.

In this respect, we find that the new budget relies on foreign financing to a large extent, amounting to 830.6 million pounds or nearly 50 percent of all intrinsic resources. This rate of reliance on foreign financing exceeds the rate of reliance in last year's budget and causes--according to the report of the Economy, Planning, Supply and Industry Committee's report on the budget, which was presented to the National People's Assembly by committee chairman Dr Ibrahim 'Abdallah--one to fear that a mishap may develop in the well-known international economic conditions and that these funds will not be available, thus exposing the country to danger, as happened last year.

## Encouraging Exports

What distinguishes the new budget is that it encourages exports by reducing the taxes levied on them and by offering the exporters incentives from the export revenues. Moreover, the budget has not levied new taxes and has not, for the first time in years, relied on borrowing from the banking sector to finance the internal deficit. Economists view this aspect optimistically, considering that most of what has afflicted the Sudanese economy in recent years has been the result of expansion in current spending relying on borrowing from the banks. This borrowing has been reflected directly in greater inflation and higher prices.

The new financial policy is based on financing from actual resources and on reducing borrowing to a minimum. This will lead to the absorption of surplus savings and surplus monies in some sectors and their channelling toward real investment.

## Islamic Banks

The new budget also encourages the establishment of Islamic banks, especially the new bank set up by the government commercial banks, and the Islamization of the specialized banks, particularly the Agricultural Bank, whose capital has been raised to 50 million pounds. The new budget contains no allocations for importing sugar, in which self-sufficiency will be achieved in the fiscal year 1983-84. Moreover, a national strategic

commodity reserve, especially food, and corn in particular, will be amassed. In addition, development budget allocations, amounting to 609.8 million pounds are based on sectoral priorities, namely: agriculture, energy and drinking water projects, increased oil products storage capacity and then the transportation sector and the industry sector. This is the second year of the 3-year development program, whose investments are estimated at 1.6 billion pounds.

In conclusion, this new budget is coupled with the establishment of the Import-Export Bank and with a reexamination of all financial laws, such as the customs law, production fees, taxes and the investment law.

8494

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## DESCRIPTION OF IRAQI-IRANIAN WAR IN NORTH

London AL-DUSTUR in Arabic No 297, 1 Aug 83 pp 3-6

[Article: "The Gulf War Moves to the North; Iranian Forces Between the Hammer of the Air and the Anvil of the Land"]

[Text] Once again, Iraqi-Iranian borders are ablaze...this time, the fire has gone up to the northern sector. Various news media have followed with some interest the news of the Iranian offensive in the Hajj 'Umrān district which began on 22 July, and some press commentators stopped at Iraqi Military Communique No 1161, issued 22 July, that pointed to "the support extended by the treasonous guides who sold their souls to the foreigners a long time ago" to attacking Iranian forces, some of them wondering who those people are and what role they play in this attack.

Baghdad-AL-DUSTUR: First of all, we must recognize a painful fact which is that the new aggressive operation of the Khomeyni regime called "the second phase of the Dawn Operation" is aimed at the Kurds in general, both in Iraq and Iran, in addition to the aggressive intentions harbored by the Khomeyni regime against Iraq or that this treacherous operation, in its entirety, is at tightening the grip of death around the throat of the Iranian Kurds who have stepped up their activities against the institutions of the Khomeyni government in Iran's Kurdistan and against his fascist guards.

The Iranian regime believes that the Kurdish rebels are drawing their power from their strategic depth inside northern Iraqi territory. This regime also believes that increased armed revolutionary action against it in Iran's Kurdistan came about as a consequence of the insistence of the Kurds of Iran on attaining autonomy like their brothers the Kurds of Iraq, and as a consequence of the insistence of joint fraternal cooperation between the Kurds of Iran and the Kurds of Iraq with all the military and financial aid offered as a by-product of this cooperation to enable the sons of Iranian Kurdistan to realize their goals and to face hateful suppression and sectarian methods exercised against them by the Khomeyni regime.

The Iranian regime did not dare adopt a resolution to attack Iraq in the northern sector because it knows that this sector is different from the

others in that it has natural defenses represented in rough terrain, high mountains and steep valleys not easy to cross.

But, it all of a sudden adopted this resolution for several reasons, among which are pursuit and liquidation of Kurdish rebel bases in Iran's Kurdistan opposite the Iraqi borders, the belief that opening a combat front in the north could diminish Iraqi defenses in the south and the center, in addition to the vortex of false conceptions brought upon them by the orphans of agent al-Barazani, on the basis that an attack through the northern sector could succeed because they are familiar with the area, inch by inch, and they could be the guides to the movement of Iranian troops in the sector. This is what happened.

#### Beginning of the Offensive

At dawn on 22 July, Iranian massings, concentrated in the cities "Iranshahr" and "Bamah" and the northern region, began moving towards the Iraqi border. They were met with massive raids by opposing airplanes and fighters. The Iranian command tried to ease Iraqi air pressure on the movement of its troops by sending two Phantom airplanes. These planes, however, were not able to stay in the battle sky where Iraqi fighters engaged them, downing one--it was seen coming down on fire in the Iranian area of "Bamah"--and forcing the other to flee from the Iranian interior. Prior to this hostile offensive, Iraqi fighters and ground defenses succeeded in downing three helicopters in the same area. On this day, 22 July, the outcome of the battle was complete control for the Iraqi air force; large human and material losses inflicted on the enemy; capture of a large number of enemy personnel; inflicting serious injuries on enemy personnel; and the destruction of large quantities of weapons and military equipment.

#### More Intense Fire

On the following day, 23 July, the Khomeyni regime pushed all its forces, reserves and volunteers towards the Iraqi borders in an attempt to penetrate them, but Iraqi fire was more intense and Iranian losses were heavier. The casualties of the Khomeyni regime filled the valleys and mountain slopes in the area. As part of the offensive, the orphans of agent al-Barazani and others with them who had become estranged from the national soil were playing the role of guide for the attacking Iranian forces in order to make it easy for the invaders to cross Iraqi fortifications and the rough mountainous valleys. Their treason was a subject of contempt and loathing for Iraqi fighters and their Kurdish brothers who lined up with the Iraqi forces in a heroic unity to defend the borders of the homeland.

On this day, Iranian forces could not achieve any objective other than more military and human losses. Their advance towards the borders placed them between the hammer of the Iraqi Air Force and the anvil of the Iraqi land forces after Arab and Kurdish fighters, grandsons of Salah-al-Din al-Ayyubi, rose as one to defend their precious homeland, strewing the stiff and decaying corpses of enemy forces over the northern valleys and smearing the



forces of what was left of them in the mud of defeat, thus repeating for them the lesson which they did not understand very well in other sectors.

#### Swallowing Up the Iranian Offensive

On 24, 25 and 26 July, fighting continued with intensity. Iraqi forces employed the method of swallowing up Iranian attacks along the borders and then storming and annihilating them. For this operation reduces losses and leads the enemy into thinking that he had scored a strong victory by entering into several kilometers inside Iraqi borders, luring more troops into the trap of death and destruction laid by the Iraqis as they had previously done during Iranian attacks on the sectors of east Basrah, al-'Amarah and Mandalī.

#### Making Fools of People

In Iran, the mullahs exchanged congratulations "on the victory," exactly as they had done right after the attacks of their regime's forces on the sectors of "al-Fakah," "al-Shayb," "al-Tayyib," and "al-Mandalī." But a few days later, they acknowledged their defeat and that by exchanging congratulations on the first day, they were "making fools out of people."

#### Ludicrous Contradictions

Four days after the offensive in the northern sector, the Iranian leadership and Iranian information media entered into ludicrous contradictions. They say "their forces entered the cities of Hajj 'Umran, Rawanduz, Ziwah and Rayat," while their radio station acknowledged, through the commander of their land forces, that the offensive could not realize any objectives during the battles. In a midday news broadcast on the official Radio Teheran station, this commander justified this failure by what he described as "difficulty of movement in these mountainous areas." But the Iranian radio station added that strong Iraqi attacks and defenses prevented the advance of Iranian troops, only to admit the following day that the activities of Iraqi fighter planes had a great influence on the actual outcome of the battle and that Iraqi fighters had waged concentrated raids not only on the Iranian sectors but also on the city of "Iranshahr" where they scored concentrated hits.

#### The Iraqi Command, Confidence in Victory

As for the Iraqi command, it talks with confidence about anticipated victory which it expects to realize in this battle. Military observers confirm that the Iranian offensive in the northern sector, despite the fact that it was aimed at pursuing Kurdish rebels and at occupying Iranian public opinion anew with the war issue in order to distract it from the tragedies being experienced internally in the shakeup of the Khomeyni regime, is aimed in reality at driving some Iraqi fortified defenses in the southern and central sectors towards the north to enable the Khomeyni regime to carry out its expansionist plan by crossing the Iraqi borders from one of these two sectors. But, this dream did not come true because the Iraqi military command did not move one military unit from the southern and central sectors towards the north because

it possesses enough military capability and scientific acumen to know in advance that the northern sector has natural fortified defenses and strong land fortifications that prevent the enemy's advance and guarantees victory for Iraqi troops there.

#### Commander of the First Corps Talks

On Wednesday, 26 July, the commander of the First Corps talked about the progress of military operations in his sector, reaffirming that his forces destroyed entire military units while trying to cross the borders, and that Iraqi forces now are in full control of the situation. He explained that Iraqi units are maintaining their opposition efficacies in pursuing enemy and mercenary remnants, inflicting on them heavy losses, on top of the thousands of killed and wounded and large numbers of prisoners previously suffered. He reaffirmed that the Iraqi unit leaders in the northern sector will keep on directing all sorts of hits against the enemy, especially through fire support and the air force in order to root out its intentions and sick dreams. He praised the coordination between the fighting ranks in the First Corps and the air force and army aviation which had a great deal to do with defeating the enemy and his collaborators whose corpses and destroyed vehicles filled the battle ground.

12502

CSO: 4404/569

PUBLIC, PRIVATE SECTOR PERSONNEL ATTEND CIVIL DEFENSE SESSIONS

Amman AL-DUSTUR in Arabic 16 Jul 83 p 2

[Article: Report on "AL-DUSTUR's Interview With Brigadier General al-Khasawnah--Civil Defense Sessions Held For All Employees Of Private And Public Circles And Organizations"]

[Text] Brigadier General Muhammad al-'Abd al-Khasawnah, assistant director of Civil Defense for Operations, announced that the [Civil Defense] Directorate had recently trained hundreds of employees and operators in the various state agencies and circles, and in public companies on rescue, first aid and fire fighting operations.

Brigadier General al-Khasawnah said that a plan by the directorate aims at preparing and training all citizens for civil defense in order to properly qualify them for performing their duties and responsibilities under all conditions and circumstances.

He added: "The knowledge and awareness of the citizen of first aid, rescue and fire fighting would enable him to take part in all emergencies, whether at his home, factory or firm...or the office where he works."

The assistant director of Civil Defense for Operations referred to the effective participation of citizens during the different climatic conditions facing the various regions, especially during the heavy rainfall and thick snow.

Brigadier al-Khasawnah cited the Jordanian citizen and his aptitude for training on civil defense operations and shouldering responsibility perfectly.

Brigadier General al-Khasawnah emphasized that the training administration of the directorate and all its administrations in all provinces and districts of the kingdom are performing this duty, and that training is being offered by efficient officers, non-commissioned officers and individuals.

He said: "The directorate welcomes any request by any official or private concern for the training of its employees on civil defense operations."

Following is a list of the training operations performed by the training administration of the directorate under the supervision of Major Abd-al-Ra'uf al-Kilani, acting director of training:

Training sessions were held for:

The girl scout leaders of al-Ashrafiya office of education, workers of (al-Anosozong) factory, faculty senior boy scouts and girl scouts of the Management and Computer Institute, employees of the Jordanian (Sieps) Paint Company, students of the Faculty of Engineering and Technology of the Jordanian University, employees of the National Advisory Council, students of the Journalism and Mass Communication Section of the Arab College, employees of the Jordanian Management Institute of the Industrial Development Bank, employees of the Jordanian Electricity Authority, employees of the Jordanian Potash Company, the Business Administration Society of the Faculty of Economics and Commerce of the Jordanian University, students of Amman College for the Engineering Professions, employees of the Arab Company for Paper Processing and Trade, employees of the Holiday Inn Hotel, UNRWA-sponsored Amman Training College, employees and all personnel of (Tayki) Hotel, al-Jubayhah Secondary School for Girls, al-Fath Secondary School, al-Mahattah Office, all personnel of al-Nadwah Palace, employees of the Arab Bank and all its personnel, employees of the Jordanian Central Bank, and employees of the Cooperative Organization and the Cooperative Institute. Lectures were given to the students of al-Aqsa Schools, Um Hakim Preparatory School in Amman, the Labor Culture Institute, Halimah al-Sa'diya School [for Girls], and Second Nizal District Secondary School [for Boys].

It is reported that training operations included practical and theoretical training, giving various lectures on first aid, rescue and fire fighting operations, training on vehicles and various machinery related to these operations, in addition to visits to all divisions of the Civil Defense Directorate for acquaintance with them and their duties.

12357

CSO: 4404/529

AL-ZARQA INDUSTRIAL PARK TO HAVE CIVIL DEFENSE CENTER

Amman AL-RA'Y in Arabic 22 Jul 83 p 2

[Article: "Agreement To Establish Civil Defense Center In al-Zarqa's Industrial Park"]

[Text] An agreement was signed yesterday at the Civil Defense Directorate between the directorate and the Jordanian Electricity Authority and the Oil Refinery Company for the establishment of a civil defense center in al-Zarqa's industrial park.

The agreement stated that the center would be constructed at a middle point between the Oil Refinery Company and the thermal power plant sites on the 10-dunam plot contributed to the Civil Defense Directorate by the Jordanian armed forces.

It also stated that the center construction should not affect the obligations of the Oil Refinery Company, the thermal power plant which belongs to the Jordanian Electricity Authority, or any other plant in the area.

The agreement provided that each of the Jordanian Electricity Authority and the Oil Refinery Company is obliged to finance the center construction equally and that the share of each should not be less JD50,000. In case this amount is not sufficient to cover construction costs, the directorate would hold a meeting attended by representatives of neighboring plants to determine their financing shares.

The agreement commits the Civil Defense Directorate to provide the equipment, supplies and whatever necessary to operate and manage the center.

The agreement states that the Oil Refinery Company would pay costs of the construction of utilities and would handle the accounts of the contractors in charge of implementing the tender, using the monies from the parties obliged to share in the financing. The company will also draft the project's blueprints and advertise its tender.

A committee will be formed of representatives of the Civil Defense Directorate, the Jordanian Electricity Authority and the Oil Refinery Company to study and evaluate the submitted offers before they are referred to the company



or the executing contractor. The company is to undertake the submission of periodic reports on the project's progress.

Major General Khalid al-Tarawnah, in a statement to the Jordanian news agency, said that the establishment of the center is a vital matter since its site encompasses a number of large and important industries.

He added that the design, supervision and implementation costs will reach JD7,000, pointing out that the center and all its sections will be handed over to the Civil Defense Directorate which will fully supervise and manage it.

The agreement was signed by Major General Khalid al-Tarawnah in behalf of the Civil Defense Directorate; Dr Hisham al-Khatib, director of the [Electricity] Authority; and Mr Sa'id al-Tal, director of the [Oil Refinery] Company.

12357

CSO: 4404/529

## BRIEFS

TAX REVENUES INCREASED IN 1982--Tax revenues were up to JD261.51 million in 1982, compared with JD232.97 million in 1981, an increase of 12.3 percent. The Jordanian Central Bank annual report attributed the increase in tax revenues to the growth of both direct and indirect taxes by 12.4 percent. The report indicated that the increase in direct taxes was due to the increase in taxes on income and social services by JD4.82 million, or 12.2 percent. Other taxes increased by JD1.21 million, or 13.8 percent higher than the 1981 level. Indirect taxes increased from JD184.20 million in 1981 to JD206.71 million in 1982. The major source of the higher indirect taxes was the higher custom dues resulting from a larger volume of imports in 1982, compared with the previous year. Custom dues in 1982 were JD112.50 million, compared with JD94.07 million in 1981, an increase of 19.6 percent. The report pointed out that, although revenues increased in 1982 higher than the 1981 level, their proportional importance in relation to local revenues was lower than the previous year's--72.8 percent in 1982, compared with 75.3 percent in 1981. This was due to the higher proportional importance of indirect revenues in relation to the local revenues. [Text] [Amman AL-DUSTUR in Arabic 16 Jul 83 p 2] 12357

CSO: 4404/529

CRITICAL VIEW GIVEN OF U.S. MILITARY PRESENCE IN REGION

Kuwait AL-TALI'AH in Arabic No 804, 10 Aug 83 pp 20-22

[Article: "American Aggressive Machine Militarizes its Subservient Zone"]

[Text] Ever since the beginning of the current month, and as a continuation of last month's flights, American military transport planes have been in constant back-and-forth movement, transporting troops and equipment at a rate of 15 flights daily. It is expected that 5,500 American troops from the army and air force, and naval units as well, will participate in simultaneous but separate maneuvers with Omani, Somali, Sudanese and Egyptian forces.

The U.S. Department of Defense mentioned that it had sent two "AWACS" early warning planes last Wednesday as an advanced element taking part in the maneuvers; that a U.S. military transport ship transporting huge military equipment anchored in Alexandria Port last Friday while other forces started landing in Egypt; and that the [USS] "William Callaghan" ship, carrying a 25,000-ton load, began unloading immediately upon anchoring. It was carrying 44 M-60 tanks, APC's, trucks, helicopter reconnaissance planes and gunships and military vehicles. About 6,900 tons of military equipment is expected to be unloaded before the ship sets sail for an undisclosed destination.

Among American units taking part in the maneuvers are the 82nd Airborne Division and the 24th Infantry Division, in addition to the 6th Division. The nuclear-powered aircraft carrier, "Eisenhower," is also expected to participate.

In Mogadishu, an official spokesman of the Somali Ministry of Defense announced that the joint maneuvers with the Americans will take place in the Somali port of Berbera and will include 2,800 American soldiers from the Rapid Deployment Force. The spokesman, whose statements were broadcast by the Somali News Agency, mentioned that the aim of these maneuvers was to demonstrate the defensive capabilities of Somali forces.

Earlier last month, the American administration also sent military forces, led by the aircraft carrier, "USS Ranger," in a show of force to the Caribbean area in Central America with the aim of holding joint maneuvers with agent countries there. There were conflicting American accounts as to the mission of this force which included 16,000 soldiers and 19 warships. Reagan commented on that by saying that his country "will avoid entering a war with Nicaragua," but his envoy to Central American countries, Richard Stone, said, however, that "this

force is to protect America's allies in the area and that its mission could turn into a combat mission."

Thus, no area in the world that accepts the American presence under all sorts of false labels and justifications has escaped the occupation, maneuvers and forcible presence of American aggression under such flimsy reasons as preserving American national security, which has come to include lackey and rightist regimes subordinate to American policy, against internal perils at times, and against what it calls possible foreign intervention at other times.

#### Multi-headed Occupations

The world has become, in accordance with this aggressive American concept, a zone for continual military operations. Washington and its allied and client regimes are not in want of any justification to make this area or that a vast farm for the herds of American marines to roam about in with their giant planes, ships, and battleships. Recently, and for some time to come, many areas of the world in Asia, Africa and Latin America have been and will continue to be a theatre for what was called American maneuvers, which some like to flaunt as training to raise the capability of their military forces. And, at a time when simple ordinary people are becoming aware, day by day, of what such maneuvers mean from the point of view of multi-headed occupations, a number of world countries, including our Arab area, are entering an era of occupation which is uglier than the eras of joint military occupations of the past. Add to that our country's entry into the era of "Israeli" supremacy as the spearhead of U.S. domination with its alliances, strategic consensus and military power, that lands night and day from the area's skies and seas on its lands. It is clear that what we are witnessing and what our country is witnessing is not a maneuver, but an occupation under official justifications and appellations that only point to a tendency to avoid calling a thing by its real name.

The United States, from the Caribbean maneuvers in Central America to maneuvers to occupy our land, has taken one step further towards arranging the positions of its strategic alliances, merging them with those of its strategic consensus, thus forming a military circle that includes, among other things, not only mobile military forces but also tons of weapons stored in its areas of movement or around areas selected for radical changes where conditions are turning fully against U.S. monopolistic interests and its ruling economic-military complex and against its allied and subservient regimes, especially after the failure of the experience of relying upon local suppressive forces in foiling mass movements.

#### What Security?

At a time when the horizons of the Chad conflict are becoming fleetingly visible--a radical change--according to some American officials, statements by Kamal Hasan 'Ali, the minister of foreign affairs of the Sadatist regime, in denying the relationship of the Bright Star maneuvers, scheduled to begin Wednesday, 19 August, to what is going on in Chad, indicated that these maneuvers, that will go on for 1 month, are aimed at "raising the efficiency of Egyptian armed forces and training personnel in advanced technology."

He added, in an interview with the [Cairo] weekly AKHBAR AL-YAWM, that these maneuvers came about at the request of the Egyptian government and are not a part of an agreement signed between the United States and Egypt, who are both concerned with guaranteeing the security of Arab and Islamic countries who might feel threatened!

But, it seems that those who brag about raising the efficiency of their armed forces and training their personnel ignore completely the fact that this cannot be done without [giving] something in return. The something in return always means further relinquishment of national sovereignty to foreign occupation forces, be it on the military or economic levels. More galling is the increased bragging of the foreign minister of the Sadatist regime, saying that the presence of American forces in Egypt was at the request of his government which, along with the United States, is concerned with guaranteeing the security of Arab and Islamic countries.

What impudence! Israel, America's advance aggressive base in our country, daily threatens this "Arab security" claimed by Kamal Hasan 'Ali. Or, is it that his concept of security is defined by the security of the regime or the Arab or Islamic state in isolation from its people and society--an isolation of the economic and social situation which the people of our country are living through.

And America...friendly America itself which is killing our people and shedding their blood out of the regime's love for them--a one-sided love--isn't it the great godfather threatening the peoples' security with its cartels, monopolies, hellish weapons and technology for which those, who are taken by the jumping of its paratroopers, marines and airplanes over Arab land, will eagerly and lovingly die? Isn't it America that is threatening our security, our sovereignty, and our country's wealth?

Isn't it a wretched logic that does not hesitate to call the occupation "guarantee of security" and ascribes to the technology of the tools of occupation qualities that can only be described as instruments of murder and destruction which he [Kamal Hasan 'Ali] so much admires and by which he wants to raise the efficiency of his troops. To what depth have the regimes of subservience and strategic consensus sunk in confronting windmills and in bragging about creating imaginary enemies in order to run to the arms of the real enemies?!

12502  
CSO: 4404/558



## U.S. MILITARY MANEUVERS IN ARAB WORLD CRITICIZED

Kuwait AL-TALI'AH in Arabic No 804, 10 Aug 83 p 22

[Article: "What Brings the Maneuvers' States Together?"]

[Text] American forces give the vast maneuvers they are holding across Arab capitals--Cairo, Khartoum, Mogadishy and Muscat--symbolic names, which are:

The maneuvers in Egypt, in which 5,500 American troops are taking part, are called "Bright Star 1983," because these forces held Star maneuvers in 1981.

Maneuvers in Somalia, in which 2,800 American troops participated, are called "the Easterly Winds" on the basis that these forces will train in countering attacks from the West, so says Siad Barre to his people.

Maneuvers in the Sudan are called the "Natural Bond," and 850 American soldiers are taking part in them. We don't know the nature of this bond between the American forces and the Sudanese peoples.

It seems that the choice of these names has a military significance that defines for each of these forces the nature of its mission. The Bright Star is in the north. Perhaps it symbolizes the basic power of the intervention forces. As the main base in the area and the natural bond, it is the connecting link with the forces south of the Red Sea which may lead operations eastward.

Although maneuvers in Oman were not given a specific name this year, this omission may have been due to the adoption of the old name which is "the Tiger's Leap," on the basis that training in leaping onto the Gulf coast is held from naval bases and fleets, and not from the land or air.

What is important is that all this training in the deployment of American forces and in testing logistical procedures and the ability of the American soldier to withstand a desert war and resist any armed national force in these countries is taking place in Arab regions with strong ties on every level.

- They are working together to "facilitate" the Stardom, the Winds, the Bonds, and the Leaps of American forces by setting up military bases on their lands for the American army.

- They are collaborating in that their economic and financial affairs are being managed by the World Bank and are inextricably linked to the American market.

- They are collaborating in that they call for the recognition of Israel and for opening the Arab region economically, politically, and militarily for Zionist settlers.

- They are collaborating in that they cannot even be accused of idleness in their hostility to the Soviet Union and their hatred of the Palestinian revolution and of anything connected with any idea of Arab liberation or independence.

One wonders if anyone can ask, after this, about the meaning of recognition of Israel, the meaning of maneuvers, or the meaning of such solidarity and strange unity?

12502

CSO: 4404/558

## KPC'S PROFIT UP FOR 1981-1982 DESPITE SALES DROP

Paris AN-NAHAR ARAB REPORT & MEMO in English No 34, 22 Aug 83 p 11

## [Text]

The Kuwait Petroleum Corporation (KPC) achieved a net profit of \$1.03 billion in 1981/82 despite a 49 per cent fall in oil sales. The company said in its report for the year ending June 30 that oil exports amounted to 158.9 million barrels, an average of 435,000 b/d. Oil production was 260 million barrels, an average of 712,000 b/d, the report said. Oil production was down 38 per cent on the previous year.

Domestic refineries processed 115 million barrels of crude, or about 314,000 b/d, against 309,000 b/d in 1980/81. KPC's gross sale proceeds for the year amounted to \$11.93 billion, including \$6.55 billion from crude oil.

Kuwait's Oil Minister and KPC Chief Executive Ali Khalifa al-Sabah commented that KPC's performance was "a true reflection of the state's oil policies which will lead to the implementation of Kuwait's long-term plans." He said the steps taken by KPC had allowed it to overcome the difficulties caused by the 1981 decline in demand for oil in the industrialised world.

KPC's biggest initiative in the year under review was the \$2.5 billion takeover of the US exploration and drilling company Santa Fé International, which increased its earnings for the year by 18 per cent. Santa Fé's overall

revenue was also higher after a 31 per cent deduction for merger expenses. Meanwhile, one of its subsidiaries, the engineering company CF Braun, raised its 1981/82 turnover to \$4.3 billion from \$1.7 billion despite the cancellation of two US contracts for the construction of nuclear power stations.

Sheikh Khalifa emphasised the progress made by KPC in implementing major capital projects and revealed that the company had plans to start new production lines for ammonia and chlorine, to expand its fleet of oil tankers and to step up joint ventures with other Arab countries. He added that KPC was also engaged in exploration programmes in various parts of the world in conjunction with international companies.

The activities mentioned by Sheikh Khalifa give only a partial illustration of KPC's efforts to expand and diversify. Within the last year, for example, KPC and its subsidiaries have acquired the Benelux and Scandinavian refining and retailing operations of Gulf Oil of the US as well as a stake of just under 25 per cent in the West German chemical giant Hoechst (*An-Nahar Arab Report & MEMO*, February 7, March 14, April 18 and June 20).

CSO: 4400/503

## HIGHLIGHTS OF NEW LAW FOR RESOLVING MARKET CRISIS

Paris AN-NAHAR ARAB REPORT & MEMO in English No 34, 22 Aug 83 pp 6-7

[Text]

A controversial new law intended to settle the multi-billion dollar debts incurred by traders on Kuwait's unofficial Souq al-Manakh over-the-counter stock exchange came into force last week. The new law was passed by the National Assembly despite the opposition of several parliamentarians and was then approved by the Kuwaiti cabinet; it will write down the face value of post-dated cheques which were used in a frenzy of speculation in shares of Gulf companies set up outside Kuwait until the market collapsed last summer. The crash left a mountain of cheques with a nominal value of about \$94 billion, although this has since been reduced considerably by cancelling out transactions in which traders were debtors against deals in which they were creditors.

The new law will reduce the value of the cheques to the price of the shares they were used to purchase on the day the trade was made and will limit the premium paid by the buyer to no more than 25 per cent of the price of the securities. At the height of the speculative boom, some traders agreed to pay premiums of up to 400 per cent of the value of the shares in return for the seller's agreement to accept a post-dated cheque, bypassing normal channels for credit. The new legislation also stipulates that all debts resulting from trading fell due when the new measure became law and Commerce and Industry Minister Jassem al Marzouk called on all those involved in the crash to settle their differences as quickly as possible. In this way, he said, debtors could avoid punishment by an arbitration court which has been set up to handle claims. The government has already paid out KD 500 million (\$1.7 billion) to compensate small traders on the Souq al-Manakh who are owed up to KD 2 million (\$6.8 million) and has spent over \$2 billion to prop up prices of shares on Kuwait's official stock exchange.

Mr Marzouk had earlier announced plans to reform dealings on the official exchange and a new board of 11 members headed by himself is to be appointed to oversee trading there. The proposed law would give the exchange a legal identity and the board would be empowered to set rules for dealings in shares and the listing of new companies. In some circumstances, the Kuwaiti news agency

reported, the board would have powers to suspend trading or to block individual deals. The board is to be made up of government officials, representatives of the Kuwait Chamber of Commerce and Industry and experts from the financial sector, the agency reported.

Despite the new law, which is intended to restrict the number of bankruptcies arising from the crash of the Souq al-Manakh, large numbers of business failures are expected; the bursting of the speculative bubble has cast a dark pall over financial activity in Kuwait and to a lesser extent in neighbouring Gulf states. In Kuwait, the problems caused by short-circuiting normal sources of credit by the use of post-dated cheques have been compounded by a crisis in the local real estate market. Here, too, post-dated cheques have been used to inflate both the volume of business and property prices. Defaults on cheques used in property deals and distress sales by debtors will mean a depressed market for real estate for some considerable time to come.

The limit of 25 per cent on premiums set by the new law will hurt Kuwaiti companies which have acquired cheques used in Souq al-Manakh trading and which compiled their accounts for last year in accordance with a formula proposed by the Chamber of Commerce and Industry. This fixed the maximum premium at 50 per cent of the price of the shares and a halving of the premium will entail a considerable writing down of balance sheets and possible bankruptcies.

The new law came under heavy fire in the National Assembly during a three-day special session. Several Assemblymen complained that it favoured big speculators

who were either unwilling or unable to settle their debts at the expense of smaller dealers and that it was unfair to those among the 6,000 traders on the Souq al-Manakh who have made full settlement of their debts, including the full premium. Assemblyman Nayef Abu al-Ramieh even called on the government to resign and for the dissolution of the Assembly because of the failure to resolve the crisis arising from the crash. Finance Minister Abdel Latif al-Hamad is understood to have tendered his resignation because he disagreed with the terms of the new law but there has been no indication that it has been accepted. Mr Hamad is arguably the Gulf's most eminent financial expert and he stayed away from the Assembly proceedings, travelling outside Kuwait. Mr Hamad wanted the full weight of the law applied to bankrupts to teach Kuwaitis financial responsibility and to preserve the country's reputation for commercial rectitude.

Shortly before the debate on the law, the Kuwaiti Securities Group reported signs of renewed life in the Souq al-Manakh after several months when it appeared to be a moribund market. The Group said prices were fluctuating sharply, with prices soaring by 50 per cent during a two-week period in July. The Kuwaiti news agency reported that one of the Souq's brokers had been ordered to close down, allegedly for dealings with one of some 100 persons whose financial activities and movements have been restricted because of their debts from trading shares last year. Some of the latest deals were paid for in post-dated cheques, the report said, and the Kuwaiti Securities Group attributed the erratic movement of share prices on the Souq al-Manakh to a return to last year's "bad habits."



VIEWS OF AL-MURABITUN LEADER ON AMERICAN-SYRIAN DIALOGUE

Paris AL-MUSTAQBAL in Arabic No 337, 6 Aug 83 pp 22-23

/Article: "Where are the Soviets at the Table of the American-Syrian Dialogue"/

/Text/ Ibrahim Qulaylat, head of the "Murabitun" movement, believes the Soviet Union is ready to get involved in a war on the side of Syria in the event of Israeli aggression against it, and Minister Salim carries from Washington American talk about American-Soviet contacts to help realize withdrawal from Lebanon.

Ever since President Reagan chose one of his aides, Robert MacFarlane, as his personal representative to replace Phillip Habib, this choice has been firmly tied to painstaking and serious preparations in the American capital in order to begin a dialogue with Syria.

The many and differing opinions on the common objective of this dialogue notwithstanding, observers agree that the subject of Syrian withdrawal from Lebanon is not the only subject between the American and Syrian capitals, but that there are other subjects, just as important, concerning the crisis in the area and the Arab-Israeli conflict this dialogue will deal with.

Although there is agreement in the belief that this has become an axiom, diplomatic observers, along with senior Lebanese-Arab officials, look at the importance of opening the door of the American-Syrian dialogue from the angle that it constitutes the beginning of a new phase at the doorstep of which the area, with all its circumstances, finds itself. In other words, this dialogue is considered a new curve in the American position and in its directions towards the search for solutions to the Lebanese and the Middle East's problems.

If it is difficult, in the opinion of informed observers, to talk at length about the nature and special aspects of the coming phase in light of the success or failure of the dialogue between Washington and Damascus, these observers believe, however, in view of past experiences, that Syrian-American understanding witnessed during any of the past phases was a strategic rather than a tactical one. Perhaps the acknowledgement of the Syrian role in Lebanon, as well as the results of President Asad's meeting with former

President Carter in Geneva, are excellent indications that Syria is not about to enter into any tactical agreements with the Americans at the expense of substance, but rather, such agreements have always had strategic dimensions.

On the basis of this, the more understanding to start a dialogue between Damascus and Washington has reflected on every formula that Washington was using as a basis for its actions to solve the Lebanese and the Palestinian problems. This has led to the creation of new formulas, the indicators and by-products of which can be understood as follows:

First, the Israeli-Lebanese full-withdrawal agreement, to which the United States was a signatory, has been transformed from an element of violent political collision between Washington and Syria into a wide-open gate for a political dialogue as a stepping-stone to an understanding and a new detente in the area, completely detached from the dimensions of such detente, be they regional or international.

Second, the fall of the military option as an element of pressure on Syria to withdraw from Lebanon, and the emergence of the political option, as though Washington had allowed a dramatic military escalation on the al-Biqa' Syrian and Israeli fronts in a past phase so as to intervene at the critical moment to get credit for preventing a military confrontation between the two sides. Thus, developments took a different turn after the area had lived under the fear and anxiety of a destructive war breaking out.

Amidst these developments, the following questions present themselves: Where do the Soviets stand? How do they view the beginning of a Syrian-American dialogue? Is this dialogue in the Soviet strategic interest or has it robbed new Soviet policy of an opportunity to gain new rounds over American policy in the area?

Ibrahim Qulaylat, head of the "Murabitun" movement, says that the "USSR has reached a degree of total readiness, with no reservations whatsoever, to get involved militarily on Syria's side in the event of a confrontation between it and Israel. The Soviets are not ready to allow Israel to achieve a military victory against Syria."

In an interview with AL-MUSTAQBAL, Qulaylat added that he had enough information confirming this matter but that the situation had changed in the wake of diminished possibilities for a military settlement in the face of political options being presented at the table of the Syrian-U.S. dialogue.

Qulaylat expressed his belief that "the Lebanese-Israeli agreement is nothing but an important paper required for the dossier on the outcome of the 4 June 1982 war; for it is certain that this dossier contains many Lebanese, Arab and international lands. If it were just a means for ending Israeli occupation and for settling the Lebanese issue, it would not have been necessary to raise such a hubbub about it."

Qulaylat was asked: You say that this agreement with Israel, in its dimensions and objectives, goes beyond bringing an end to Israeli occupation of Lebanon. Specifically, what are its other objectives?

The head of the "Murabitun" movement replied: "Besides dealing with the topics of occupation, there are the following important objectives:

1 - Arrival at the imposition of a bilateral Lebanese-Israeli conciliation, with all its political, economic and security ramifications, similar to the eventualities of the bilateral Egyptian-Israeli Camp David Accords.

2 - Moving on to the imposition of an unjust settlement of the Palestinian issue in the wake of the June 1982 war's success in dispersing the Palestinian revolution militarily, geographically and politically. The fighting that is going on in the al-Biq'a' now is but a realization of the goal of the Palestinian dispersion with all its many dimensions.

3 - Imposition of a collective conciliation with Israel on the Arabs in the framework of the collective Camp David Accords.

4 - Imposition of U.S. military, economic and political domination and hegemony over the area.

In reply to a question about the reasons that make the United States and Israel indecisive in the implementation of an agreement with all these objectives, Mr Qulaylat said:

"An agreement such as this is not as easy to implement as some might imagine. Therefore, an international resolution and detente between the powers are necessary in order to implement the agreement. I believe that the regime's head-long plunge and that of some Arab regimes as well, towards accepting the hypothesis of the singularity of the American role was the result of a false delusion and a search for a mirage. Our present generation will not see any solutions on the basis of this rule or this point of departure."

Mr Qulaylat specified three main conditions which, if available, would make the implementation of the agreement possible:

First, consent between the two giants to acknowledge a partnership role for the Soviet Union.

Second, realization of a radical correction, on the internal level, of all the gaps in participation and distance brought about by Israeli occupation. I responsibly say that if such a gap is not corrected, the Lebanese situation will remain in this whirlpool.

And third, assurances must be obtained on the Arab level that the agreement does not conflict with the legitimate rights of the Palestinian people to return to their land and set up an independent state on it, and does not conflict with the right of the Arab nations to regain land occupied by the Zionist enemy.

Mr Qulaylat also expressed his belief that there is a dialogue going on now between the USSR and the United States because the Lebanese arena remains, to this day, the central arena in which matters and issues that go beyond the boundaries of Lebanon and even of the Middle East region are decided.

He said: "Our follow-up of the course of events in the conflict indicates that the dialogue between the two giants is still fumbling about in a hot circle, but it has not yet reached the limits of the red line in the central conflict between the two giants.

We, as owners of the Lebanese and Palestinian-Arab cause, find it in our interest that the conflict between the two giants reach that red line because we believe that, then, the United States would not allow itself to rush into a central confrontation with the USSR, thus creating new balances between the two giants in managing the march towards a solution of the problems of the region. American acknowledgment of the Soviet partner's role is nothing but a guarantee of the Arab right. Naturally, the USSR would be on the side of Arab right while the United States would be more eager to satisfy its friends as a way to outbid the Soviet position."

Minister Salim disclosed that in discussions with the Reagan administration, the Lebanese side went into the question of the possibility of contacting and talking with the Soviets in order to reach a position that would be helpful in facilitating the withdrawal of all foreign forces from Lebanese territory.

Minister Salim says that senior officials in the Reagan administration confirmed that contacts have been or are still being made with the Soviets for this purpose with a view to obtaining a helpful Soviet position.

Although the impression imparted by the Lebanese foreign minister about the Soviet position on total withdrawals from Lebanon was a positive one, there is a vast difference between the American capital contacting Moscow, asking help in implementing the withdrawal agreement and Washington acknowledging Moscow's partnership, and deciding to open a dialogue with it about Lebanon and the area; and this, of course, has not happened yet.

Thus, observers are trying to ascertain whether or not the Syrians are talking to the Americans today on behalf of the Soviets. When this question is answered closely and candidly, perhaps it would be easy to explore the basic features of the coming stage.

12502  
CSO: 4404/553

TRIPOLI NOTABLES COMMENT ON SITUATION IN COUNTRY

Kuwait AL-SIYASAH in Arabic 8 Aug 83 p 17

[Article: "AL-SIYASAH Enters the Tormented City. Tripoli Demands the Departure of Syria So That Israel Will Withdraw From Lebanon"]

[Text] Karami: Out interest is cooperative among all and clearing the way for the legitimate internal security forces.

Al-Danawi: Syrian withdrawal is a popular demand and we shall not renounce our independent decision.

Al-Muqaddam: I am a Lebanese Muslim from Tripoli and I say: Irresolution in this phase is cowardice and half-truth is treason.

Tripoli is the capital of northern Lebanon and Lebanon's number two capital: the city that is still outside the actual control of Lebanese authority, similar in this respect to many of its sisters in the south, the mountain and the al-Biqa' of Lebanon.

Tripoli's history bespeaks its story. Amidst the darkest and toughest circumstances it has always yearned for legitimate power, that is, the sanctification of belonging to the homeland with its territory, its land, and its establishments. It used to rise up during very grave security crises to celebrate national independence day or army day or flag day.

Tripoli is a loyal city. The imprints of cultural traditions can still be found on its landmarks, be it at the family level, or religious occasions, or at the level of relations among its inhabitants. Thus, it has refused to embrace imported foreign theories, from the right and left alike, at a time when the tools of such theories controlled a number of Lebanese cities in 1976, excepting Tripoli.

Finally, Tripoli is known for its adherence to Arab cultural affiliation on the basis of free choice within the framework of which it used to move in reaction with decisive Arab issues.

Within these three characteristics of Tripoli, several leaders came into prominence and accompanied its march in modern history.



At the entrance of the city, there is the statue of 'Abd-al-Hamid Karami, and Hamid Franjiyeh still maintains his special place in the hearts of its inhabitants.

Today, Tripoli, just like its sister Lebanese cities that aspire to liberation, unification and the sovereignty of the homeland over its territory with justice and equality, is being subjected to different tremors, some related to the security situation, some to the political situation and others to its position of destiny.

Divisive confessional strife has infiltrated it; Arab-Arab [i.e. inter-Arab] conflicts have broken out throughout its theatre, leaving their marks; and attempts to monopolize its policy, the most recent of which was last Friday's massacre, have not abated.

Finally, Tripoli woke up to an unexpected field decision, that is, the withdrawal of Syrian troops from within it. This was an advance notice of armed anarchic possibilities, for every armed organization in it jumped up to occupy positions vacated by the withdrawing Syrian troops. The city appeared to be on the brink of a total struggle that could wipe it out.

Interpretations by politicians and observers about the reasons that led Syrian troops to carry out this sudden decision were many, even among Syria's allies in the city. Some said that the withdrawal had something to do with the partial withdrawals Israel was carrying out in the Lebanese south, going so far as to talk about behind-the-scene arguments on this matter, beginning with the recent visit of American Secretary of State George Shultz to Damascus and ending with the release of the AUB President, Mr Dodge, through Syria.

Others said that this withdrawal had to do with the ongoing Palestinian-Palestinian [i.e. intra-Palestinian] struggle over Lebanese soil, including the Syrian role in it. They too went so far as to talk about the imminent spread of this struggle between the two wings from the al-Biqa' area to northern Lebanon, a matter which necessitated the rounding up of Syrian troops from inside Tripoli.

The third group pointed out that the background of this withdrawal is embodied in Syria's reaction to pressures brought to bear on it to withdraw from Lebanon. So, it undertook its sudden move in Tripoli to say to the world that what would come after it is anarchy, citing as proof the Tripoli leaders' demand that Syria freeze its withdrawal and the Lebanese president's rejection of any partial withdrawals from any spot in Lebanon.

#### What Do Tripoli's Leaders Say?

These questions and issues were put by AL-SIYASAH to the leaders in Tripoli, in the wake of Syrian withdrawal from the city, within the scope of the following question:

What, in your opinion, is the background of the sudden Syrian withdrawal, and what developments do you expect in the capital of the Lebanese north in its aftermath?

This question was answered by four prominent Tripoli leaders: former prime minister Rashid Karami who heads the northern coordination board and is a member of the "National Salvation Group"--on the eve of his departure for Damascus to find out the truth about the withdrawal; Dr Muhammad; Ali al-Danawi, leader of the "Islamic Rescue Front;" Mr Faruq al-Muqaddam, leader of the 24 October Movement; and Mr Fathi Yakun, secretary general of the Islamic Group.

#### Prime Minister Karami: Nothing Will Change

Karami said: "The truth is that Tripoli is part of Lebanon and of the Arab homeland. It is a fortress on this coast that has its own heritage and its pioneering national role which it has never hesitated to fulfill. Today, it is called upon, just like all the other areas, to work for the sake of safeguarding Lebanon's sovereignty, unity and Arabism in the confrontation with those enemies who are planning partition and colonization. Here they are today, under American auspices, carrying on with this design represented in the redeployment of Israeli forces, that is, the partial withdrawal approved in principle by President Reagan.

"This means that promises given to Lebanese officials are not serious. Therefore, we shall maintain our positions and stances of rejecting the ill-omened accord which we consider a trap set for the Lebanese authorities who signed it under circumstances of coercion and occupation, thus rendering it null and void; this is in addition to the promises set in memorandums exchanged between America and Israel, which Lebanon has nothing to do with.

"This means that it is impossible to implement this still-born accord, and reaffirms that their intention was to obtain official recognition of the occupation and to vindicate Israel abroad, as well as to open debates on resuming relations, that had not been severed for one day between the United States and Israel, on as wide a scale as possible.

"All these matters make us more relentless in our rejectionist policy which led to the formation of the 'National Salvation Front' for the sake of coordination between all the forces in our theatre that believe that we believe and see things the way we do, in order to prevent these dangers threatening our destiny and our being, particularly in the Lebanese south where the government and all the other forces who bet on America must review their positions so that the Lebanese may rally united around the goal of liberation.

"I go back to the situation in Tripoli and say that the withdrawals that have occurred in some positions in Tripoli do not change anything because Tripoli is an integrated whole and what happened as a consequence of this surprise is actually due to the rivalry between some forces who have shown a lack of self-restraint and who were driven by their whims, under the impression that the occupation of the [vacated] positions could benefit them. But, the truth is that Tripoli, as a whole, is a common responsibility inasmuch as its interests and stability cannot be secured without the cooperation and confidence of everyone, and without giving the internal security forces the opportunity to assume their full role in protecting and safeguarding the security of Tripoli and its inhabitants. This matter cannot develop the way our enemies wish, but rather, it is a rivalry, no more, no less."

About his expectations on developments in the coming phase, at the Tripoli level, former Prime Minister Karami said:

"I do not expect any developments that would change the course of events in our country. Tripoli has a declared position and stands behind its march aimed at backing and liberating Lebanon."

Dr al-Danawi: Withdrawal Is a Popular Demand Within a Phased Settlement

"Responsible leadership action under these circumstances, in particular, must be intent on creating and crystallizing an independent Tripoli decision. This decision must stem from Tripoli's higher interest in view of its being the most important Muslim city in Lebanon.

"Syrian withdrawal, which was and still is a political as well as a security and a popular demand aimed at getting Israel out of Lebanon completely, was raised by us with many leaders in Tripoli during the past bloody events in order to preserve what trust is left between Tripoli and Damascus. This withdrawal, albeit sudden, has been fully grasped by conscious leaders and the masses, and we must work today with the same consciousness to complete the withdrawal and hand over all the various positions to the internal security forces who have been fortified with a clear decision and with numbers and tools, until Tripoli's leaders succeed in realizing the encounter we are calling for and which would achieve what we call 'a phased cosmetic solution' for the city of Tripoli. This solution stipulates the following:

1--Departure of all Syrian forces to outside the limits of Tripoli and its 'Al-Daniyah and Al-Munyah' District. As for the departure of Syrian forces from Al-Biqa' and the rest of the north, it should not be until after Israel departs from all of Lebanon.

2--Withdrawal of arms and armed elements.

3--Creation of a working and honor pact of nonaggression and cooperation for the sake of the city's interest.

4--Consideration of the security issue as the responsibility of the official reinforced security forces."

He added: "Regarding the internal security force, we have to point out that they must change their tactics in the face of the new developments. Tripoli's experience with them the past 2 years has been a difficult one because these forces do not settle in one place but pull back at the first clash. They are not given clear orders, a fact which has caused them to lose their credibility with the people and their efficacy with the armed detachments. All this notwithstanding, they remain the ones presently acceptable to all parties.

"Therefore, and in the wake of the changes and of the Syrian withdrawal, the government and the Internal Security Directorate must change their tactics in their dealings with Tripoli. Otherwise, they could be held responsible for the bloody events that might occur, God forbid. On that basis, we have demanded and reaffirmed the request for dispatching about 2,000 police elements

to Tripoli, not to hamstring but to deal with Tripoli with credibility. The excuse that there are not enough elements must not be invoked because this question could be posed: Why not run an enlistment campaign as the army is doing, keeping in mind that the police are expected to do far more than the army."

He said: "Thus, Tripoli and government leaders must not drown themselves in a peripheral issue, the issue of taking over or handing over positions vacated by 'deterrent' forces, putting it in the spotlight as the key issue. It is a secondary matter that must not cause us to forget Tripoli's greatest issue which may be summarized today as safeguarding the city and not allowing internal contradictions to be transformed into armed conflicts and slaughterhouses; in other words, a second 'Shuf.'

"By that, Tripoli would be able, if the leaders were to rise to the challenges and responsibilities, to play its great national and Islamic role within the extremely complicated Lebanese formula. This would render the current situation in Tripoli a gateway to a political solution for the city's problem.

"From this stemmed our call to Tripoli's leaders concerning the need to meet in order to make an independent unified decision starting with security and how to reinforce Lebanese internal forces to render them effective and efficient, and ending with the overall political situation.

"Tripoli is for everyone and no one side should monopolize the momentous responsibility for it.

"We hold the leaders anew to their momentous responsibilities before God and the people who shall hold these leaders accountable for their perdition and differences over minor matters in these difficult circumstances and for dawdling in reaching an agreement on a popular acceptable phased solution within this stage so that Tripoli would not face a security vacuum which we strongly reject and war against, especially since many plots are being very carefully engineered and carried out in the Lebanese theatre with the aim of partitioning, fragmenting and ruining this country."

He went on to say that he hoped that Syrian withdrawal, late though it may be, would be completed in order to mend the breaches in the wall of trust between Tripoli and Damascus and to pressure Israel into full withdrawal from the occupied territory in the wake of Syria's positive reply--should it withdraw completely from Tripoli and its perimeters--on the eve of international movements in the area, and in the wake of Reagan's blessing on Israel's partial pullback from the Shuf and the mountain.

[He said] the Arabs must help Tripoli in this difficult phase and must work to convince everyone concerned of the necessity to get the city out of this strife and out of the game of fear and destruction, and to work toward rebuilding what has been destroyed.



## Faruq al-Muqaddam: I Fear an Agreement of Adversaries

Mr Faruq al-Muqaddam said: "We were surprised by the withdrawals and immediately resolved to safeguard the citadel of Tripoli and some strategic positions.

"I say safeguard and not occupy because we are Lebanese and we do not occupy Lebanon.

"We confirm that we are ready to hand over the Tripoli citadel and other positions to Lebanese security forces as part of a comprehensive security and political solution that would preserve ancient Tripoli in order to extricate it from this game of nations and the bloodbath so that it may return to Lebanese national sovereignty.

"However, I must suggest to some 'new zealots,' who are concerned about the internal security forces, that they advise these forces, with whom they have suddenly fallen in love, to take over Tripoli first so as to investigate the who, why and how of the fires that destroyed customs and records and many other public facilities as well.

### A National Conference

"There is a clear solution which I announced some months ago, which is to call for a national conference to include people from all currents, sects and organizational affiliations to come out with a national charter that would establish that:

1--Greater Tripoli extends from al-Qalamun to al-Badawi.

2--Syrian forces gather outside Tripoli.

3--All the various weapons are to be stacked up outside Tripoli.

4--Lebanese judicial and executive authorities take up their various positions in Tripoli.

5--The Beirut-Damascus international road be opened and all roadblocks removed, and the road turned over to the legitimate security forces.

"I am a Lebanese Muslim from Tripoli, and I say with all love for any loyalty to my country, Lebanon, and my hometown, Tripoli, that irresolution in this phase is cowardice and half-truth is treason.

"I have sworn not to waiver and to tell the truth, the whole truth, which I have and which is that 'where there's a will, there's a way.' My name is Faruq, and 'Umar al-Faruq is reported to have said: 'When did you enslave the people who were born free?'

"Deluded and lost in their weak expansionist fantasies are those who are dreaming of and planning for a confessional war. The confessional war did



not break out and in the coming war, should it break out, God forbid, we shall make a war for the sake of liberating Lebanon and establishing it anew as a homeland for the free and for the sovereign, one that can go on for thousands of years, God willing.

"The crisis in the Arab arena is a crisis of freedom, and I belong to freedom.

"Any Afghani fighter is closer to me than any citizen who is only 2 meters away from me but does not share my devotion to freedom; an enslaved person is a worthless human being.

"Some people aspire to be something; we aspire to make things happen in conformity with freedom, justice and dignity.

"We are from the nation of Muhammad, 'Umar, 'Ali, Khalid and Tariq. I'm from Lebanon and nothing surprises me anymore. We want our country to continue to be and, therefore, I expect and am preparing for the worst.

"We are safeguarding the Tripoli citadel and other strategic positions in the city.

"I address my appeal to all Tripoli inhabitants: 'Unite your word for the sake of protecting our city from futile destruction and ruin, and God protect Tripoli.'

"What I fear most is that the adversaries agree on the partition of my homeland, Lebanon."

Fathi Yakun: Awaiting Asad's Meeting

Mr Fathi Yakun said: "Syrian withdrawals from Tripoli surprised everyone without exception. This created much confusion in the city and prompted a struggle to occupy the vacated position. It could have led to a disaster had the parties not embarked on efforts to put out the fire.

"The truth is we did, from our Islamic position in the Islamic Group, what we had to do with all parties to prevent discord.

"As for our evaluation of the background of the sudden withdrawals, it is no more than speculation and exploration, but the withdrawals could be a step within a security plan for Syrian military deployment in the north; they could be a Syrian reply to the Israeli decision to redeploy Israeli forces in the south under the pretext of the Palestinian-Palestinian struggles; or they could be a military tactic dictated by personal security motives.

"At any rate, the withdrawals are considered an indication of the start of a new phase that carries with it many expectations and dramatic surprises.

"We must point out here that an invitation has been extended to the secretary general of the Islamic Group to meet with President Hafiz al-Asad, and we hope that, after this visit, a lot of mysteries, questions and interpretations will be cleared up."

12502

CSO: 4404/573

ANALYSIS OF INSURANCE COMPANIES OPERATING IN LEBANON

Paris AL-MUSTAQBAL in Arabic No 337, 6 Aug 83 p 39

[Article: "Lebanese Insurance Companies Dominate the Market, the Slogan of "Lebanization" Is Raised"]

[Text] There are two currents contending for the insurance sector in Lebanon: one raises the slogan of "Lebanized" insurance, while the other demands that Lebanon remain a distinctive center for attracting foreigners and for going after Arab countries.

The insurance sector in Lebanon is headed for centralization, along the lines of the banking sector where the top 15 banks monopolize more than 70 percent of deposits and loans.

Statistics from 1982 released by the association of insurance companies operating in Lebanon reveal that the net value of premiums subscribed to in all branches during the aforementioned year was 228.54 million Lebanese pounds, as compared to 188.241 million pounds in 1981, that is, an increase of 29.813 million pounds, or a rate [of increase] of 21.2 percent.

It can be concluded from these statistics that 10 out of about 48 companies claimed premiums in the amount of about 135.187 million pounds, or 59.2 percent of the total premiums subscribed to.

It is noted that the top 10 companies included 8 national and 2 foreign companies, as far as registration is concerned and not on the basis of contributions.

It seems that the American Life Insurance Company alone, with long experience in life insurance, was able to claim more than 50 percent of the Lebanese market due to its reputation in this field and in view of its exclusive specialization in this branch, with the exception of the accidents branch.

As for the National Insurance Company, which placed second, its life insurance premiums amounted to 9.364 million pounds, a vast difference between it and the number one company.

The number three company was the "National Federation" Company with premiums amounting to 3.165 million pounds, or 10 percent of the number one company's share.

A look at the net premiums outside the life insurance branch reveals that ratings and classifications differ.

The total 1982 premiums outside the life insurance branch amounted to 168.56 million pounds, as compared to 141.332 million pounds, or an increase of 27.028 million pounds at a rate of 19.1 percent.

In this field (all branches except life), 15 companies claimed about 64.3 percent of all premiums, with their share amounting to 107.808 million pounds.

The Bankers Insurance Company came in first with a share of 14.118 million pounds. The National Federation Company came in second with a share of 14.01 million pounds.

It is noted from the statistics prepared by the Association of Insurance Companies that the national companies got the lion's share in 1982 and registered an increase over their 1981 share.

With regards to the insurance premiums, excluding the life [insurance] branch which in 1982 raised 168.36 million pounds, the share of the national companies amounted to 129.461 million pounds, or a rate of 76.89 percent, as opposed to 23.11 percent for foreign companies. In 1981, the premiums from the branches amounted to 141.332 million pounds, with 74.77 percent going to the national companies, as opposed to 25.23 percent for the foreign companies.

There is no doubt that this is a positive phenomenon that merits some consideration. The share of the national companies in the insurance sector benefited from the period of events, as did the Lebanese banks, due to their presence in the market and to the fact that they continued their services to their clients while some of the foreign insurance companies left the country or cut back on their activities, as did the foreign banks.

Undoubtedly, this period was an opportunity, in one way or another, for some national insurance companies to develop their administrative, technical and human infrastructure and to develop their services, both quantitatively and qualitatively, perhaps because of increased demand which contributes to improved production.

Thus, the emergence of the national insurance companies was not a kind of monopoly and control, but resulted from a strong and fierce competition brought on by the large number of companies in a small Lebanese market and by the liberal policy of licensing new companies under very reasonable conditions not available in other countries in the area.

This reality, as in banks, prescribed that national insurance companies not be satisfied with growth only in the local market, but that such growth be

extended abroad, especially to Arab countries, either through branches or shares in local companies. The fact is that such an extension was not confined to Arab countries alone, but went beyond that to include African countries and some European countries themselves.

All this notwithstanding, insurance experts point out that Lebanon has not yet entered the insurance industry through its wide door, as is the case in the United States and in some European countries. The amount of premiums (228 million) is nothing compared to bank deposits for instance (about 50 billion Lebanese pound), or compared to the gross national product, or to the population of Lebanon where the average annual per capita premium is 65 pounds.

Perhaps this reality stands to witness rapid and tangible development if the required reform and development operations are completed, be it through an amendment of the insurance law of 1968, through the application of mandatory insurance on cars, through the creation of a central board, through the regulated investment of the companies' legal cash reserves for specific purposes, or through the establishment of "off-shore" insurance companies.

Amidst such reforms, the slogan of "Lebanization" in the insurance sector is being raised against another voice calling for Lebanon to remain a distinctive center for attracting foreigners who make it their take-off center to Arab countries. Undoubtedly the "off-shore" system may represent a compromise satisfactory to both trends.

12502

CSO: 4404/573

## SALINITY THREATENS BATINAH COAST; SOLUTIONS SOUGHT

Muscat AL-'AQIDAH in Arabic No 469, 14 Jul 83 pp 22-23

[Text] The Ministry of Agriculture and Fisheries has prepared a detailed study about the appearance of salinity in well waters on the coast of al-Batinah, to be exact, in the area situated east of al-Sib.

AL-'AQIDAH, in its issue No 467 dated 19 Ramadan in the year 1403 H, equivalent to 30 June 1983, on its Oman happenings page called upon the responsible authorities, especially the Ministry of Agriculture and Fisheries, to expedite finding practical solutions to this problem.

This study prepared by the Ministry of Agriculture came in answer to the article on Omani problems which was published in the above issue under the title: "Save the Farms of al-Sib." This study analyses the problem in a scientific manner and proposes suitable and adequate solutions to avert it.

Due to the existence of the great number of wells and misuse in pumping large amounts of water which exceed consumption requirements, and the misuse of water pumps in the farms without supervision, there has resulted an increase in the degree of salinity in the waters of al-Batinah coastal area in general and in the areas of al-Sib and al-Hayl in particular.

A technical committee was set up last April which included government officials from the general directorate for agriculture and the general directorate for water resources and irrigation in the Ministry of Agriculture and Fisheries whose main task will be to carry out field visits to al-Batinah coastal area to inspect the soil and the water and to study the problem and propose appropriate solutions to it. This committee includes a number of senior engineers and experts from the ministry who were already studying the same problem and preparing solutions for it.

During the past period the committee has conducted several field visits starting from the area of Hayl al-'Awamir in al-Sib district where it inspected 156 farms. It has also inspected samples from 81 farms distributed over 26 sectors in all of al-Sib district and reaching al-Shakhkhait on the outskirts of Barka'.



## Shortage of Crop Production

The reports prepared by the committee have confirmed that when land salinity reaches 4000 micromose/cm (which is the unit for measuring the degree of salinity) it causes a noticeable reduction in the production of certain crops. For example when the lemon crop is irrigated with water which has a salinity reaching 2200 micromose/cm, its production is reduced by 25 percent; when salinity becomes 3200 micromose/cm crop production is reduced by 50 percent; and when salinity reaches 5300 production is reduced by 100 percent.

In the case of palm trees however, it is noticed that when water salinity becomes 7000 mc/cm production is decreased by 25 percent; when salinity reaches 12000 mc/cm production is reduced to 50 percent, but when it gets to 20,000 mc/cm then production is reduced by 100 percent.

This shows that the area of Hayl al-'Awamir in al-Sib district has become in practice unsuitable for agriculture due to high degrees of salinity in its waters.

On the other hand, the investigating committee has found that there are certain areas which have not yet faced the problem of salinity, namely, the area extending from Dawwar al-Khawd until Wadi al-'Arsh to a depth of 2 kilometers, as well as the area from Sijn al-Nawmah to the north as far as the borders of the district near the village of al-Shakhakhit to a depth of 1 kilometer.

Nevertheless there are other areas in which signs of salinity have started to appear, such as the area extending from Hillat al-Sadr, Sur al-Hadid, al-Ma'bilah and al-Fushaybah, in which the salinity of water varies between 3000 to 10,000 mc/cm in the agricultural areas alone. Salinity has also started to appear in the area of Khurays al-Habus.

As we pointed out earlier, there are areas in which the degree of salinity has increased to the point that they have become unsuitable for agriculture, such as al-Mawalih and Hayl al-'Awamir.

## Two Plans To Solve the Crisis

The technical committee set up by the Ministry of Agriculture and Fisheries has come out with a proposal to implement two plans to face up to the problem, namely a short term and a long term plan. As for the short term plan, the committee has proposed the following:

- 1- The necessity to impose strict supervision in the areas where it is prohibited to dig new water wells without obtaining permission.
- 2- To prohibit sale of water by farm owners who have fresh water, and the necessity to search for new sources of drinking water.

3- To restrict growing of vegetables in areas which have started to be affected by salinity, and to be satisfied with growing fruit trees.

4- Not to build new residential areas in places which have started to be affected by salinity, without having arranged for drinking water sources for such houses from outside the area.

5- To organise a propaganda campaign to guide people to the best manner of using water, not wasting irrigation water, and using organic fertilisers instead of chemical fertilizers.

As for the long term plan, the committee has proposed the necessity of investigating the possibility of setting up small, inexpensive ground water feeder dams and to investigate the possibility of developing the existing means of irrigation into more modern methods.

#### The Board of Water Resources Studies the Problem

After the committee completed setting forth its proposals for solving the problem, the board of water resources held a meeting last May to discuss those proposals. Accordingly it made several recommendations, most important of which were the following:

A- To prohibit sale of water by farm owners and to set up a committee from the Ministries of Agriculture and Fisheries, Land Affairs, and Communications, the Governorate of the Capital, and police department of Oman, to supervise this activity.

B- To study the question of distributing new residential land plots in Hayl al-'Awamir and the means of providing necessary drinking water for them.

C- To organise a concentrated information and advisory campaign by the Ministry of Agriculture to give guidance on the consumption of drinking and irrigation water.

D- The Ministry is also trying to develop the present means of irrigation into more modern methods with the idea of setting up ground water feeder dams on valley tributary streams so that they can store of underground water in the area of al-Batinah coast.

The Ministry of Agriculture and Fisheries has taped two television conferences in which the director general of agriculture, the director of water resources, and an expert in water resources from the Ministry of Agriculture took part. Both interviews have been televised in which they have discussed in detail the aspects of salinity and its danger for agriculture. They also explained the efforts exerted by the state to avoid this danger and to set forth appropriate solutions for it.

Meanwhile, the supervisory committee has begun to fulfill its task since early last month as it has held several intensive meetings to lay down the bases and principles for implementing its task.

Accordingly, we are in a position to state that the Ministry of Agriculture and Fisheries is making every effort to prepare suitable solutions for the problem of salinity from which certain areas in al-Batinah coast are suffering.

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CSO: 5000/4534

## PALESTINIAN AFFAIRS

### 'ARAFAT INTERVIEWED ON PLO SITUATION FOLLOWING BIQA' EVENTS

London AL-DUSTUR in Arabic No 296, 25 Jul 83 pp 16-19

[Interview with Yasir 'Arafat by Jamal Isma'il in Tunis, date not specified]

[Text] Yasir 'Arafat, chairman of the PLO executive committee, was privately interviewed by AL-DUSTUR. He disclosed in his first talk with an Arab magazine since the happenings in the Biqa' that mediation efforts have been unsuccessful so far except in one respect, namely, a cease-fire and that Syrian and Libyan forces and tanks are still besieging all the Palestinian bases. Abu 'Ammar gave AL-DUSTUR a document showing the "coordination" that has existed since the initial events in the Biqa' between the Syrian Deterrent Force in Lebanon and the Palestinian elements. He said it is one of several other "important" documents which it was still too early to make public. Yasir 'Arafat asserted that what has been happening in the Biqa' is intended to complete what Israel was unable to do in Beirut, drive out the Palestinian forces, and prepare to set up a "replacement" organization. He made it clear that the events did not begin until after Arens, the enemy's defense minister, sent a warning to the PLO and the Palestinians.

The Palestinian leader said what happened in the Biqa' was not a revolt but an aggression masked by some Palestinian names. He emphasized that the Palestinian resistance will not be drawn into a tribal war or become embroiled with the Syrians, Libyans or Palestinian elements carrying out their orders. He added that he favors "reform" and any change the cadres and the popular base desire, but refuses to allow "reform" to become a "Trojan horse" for the commission of crimes inside the Palestinian arena and liquidation of the Palestinian revolution.

Abu 'Ammar described his feelings when he was told the decision ordering him to leave Syrian territory. He said he was reminded of Sharon and the "film of the siege" of Beirut passed through his mind and how he was forced to leave Beirut. He said military action against the Zionist occupation forces was intensifying quantitatively and qualitatively and the joint Palestinian and Lebanese forces carried out before the events in the Biqa'--this by the admission of the enemy's leadership--71 operations in 3 weeks.

The PLO leader asserted the second Fez will be the basis for matters relating to the Palestine issue until the Arabs meet again and settle what they didn't

settle (before). 'Arafat disclosed that he asked Jordan to consent to the opening of the Palestine Research Center in Amman. He also disclosed that the PLO welcomes and hopes the Jordanian Government will consent to the shifting of some PLO offices to Jordan.

AL-DUSTUR met with Abu 'Ammar in the temporary headquarters of the PLO, the Hotel Salwa in Burj al-Sadariyah, which is 30 kilometers from Tunis.

At the outside gate of the hotel stands a group of Tunisian and PLO security agents. You need be accompanied only by one of the leaders of officials within the PLO to make your way easily to the first floor of the hotel, the temporary headquarters of the organization where Abu 'Ammar has his office.

It was evening and Yasir 'Arafat was surrounded by a group of Palestinian leaders. When the time set for the meeting came, he left his office and together we walked over to the table used for meetings in the same room. I placed by tape recorder in front of the Palestinian leader and we talked for an hour and a quarter.

I began by asking Yasir 'Arafat to describe his feelings when he was informed of the decision ordering him to leave Damascus. After a few moments of silence he said:

['Arafat] I am reminded of Sharon when one of his demands was that "I get out" of Beirut. The "film" of Beirut and how I was forced to leave the city passed through my mind, with a difference of course. In the American-Israeli "demand" was a war and I left for the sake of our children. But I didn't think that Damascus, where Saladdin is buried, would tell a revolutionary in the Arab nation to "get out of his land."

[Isma'il] Brother Abu 'Ammar, did you expect what is happening now would happen?

['Arafat] Of course, because the plot goes on. When the difference of opinion arose between me and the Jordanian Government, Reagan said and Shultz said the Arabs must withdraw their recognition of the PLO. What is happening in the Biqa' is to complete what Israel was unable to do in Beirut, that is, drive out the Palestinian forces from the Biqa' region and at the same time get ready to set up a "replacement" organization. Preparations are now under way to form a replacement liberation organization. Naturally, the replacement leadership and the "village leagues" did not succeed in our occupied land. Now they are trying to create a replacement leadership after the military operations. These are not my words. "They" announce that is more than one newspaper and news agency.

[Isma'il] What, in you opinion, are the motives behind the Syrian stand?

['Arafat] I raise this question before the people of the Arab nation. What is the reason for this at a time when we are making military preparations together to confront the Israeli threat? We were surprised after the drums of war died down and after the warning that Arens directed at the PLO and the Palestinians. These words are all the more important because he placed in his warning the "Palestinians" alongside the PLO. It means he will take revenge on



the civilians because of the escalation of military operations behind the enemy's lines and we are all familiar with the warning. Then the operations against us began after that. Who is Who? Who are the companions of the trench "whom we are with" in the confrontation with Israel. It is a most painful blow to the soul.

[Isma'il] But statements are attributed to Palestinian officials and leaders to the effect that "reforms" are necessary.

['Arafat] Who is against the reforms? I'm in favor of them. I'm in favor of any changes the cadres and the popular base want to make. But the reforms must not be a "Trojan horse" to commit crimes in the Palestinian arena and liquidate the Palestinian revolution. I want to ask those who urge reform: What has reform got to do with the operation now taking place in the Biqa'? What is happening now is a crime, a conspiracy, and blunders. I welcome every reform. On the contrary, from time to time it is in the interest of the revolution that one assumes an attitude of hope, an attitude of criticism, an attitude of responsibility to organize its ranks because in the long run many things harmful or parasitic, depend on the revolution. This happens in every revolutionary movement, but it is wrong for us to speak of reform from now on. Nevertheless...the revolutionary council of Fatah met to replace doubt with certainty and to make decisions. Some of them said these were concessions. At first they considered us to be overbearing toward reform. When we said yes to reform and accepted some of the reform measures that we had placed on the agenda for discussion, and this is an important point, because from the Aden meeting on 29 January up to now, the committees have been working for this reform. The revolutionary council which was supposed to meet in Sana on 17 May, we were forced to hold the meeting in Damascus thereafter so that we would not be apart from the events. We made decisions on reform at a meeting of the council at the invitation of those who demand or hide behind reform...and they didn't attend!

[Isma'il] What about the mediation efforts now going on?

['Arafat] Unfortunately, the mediation efforts have not been successful except in one thing, a cease-fire, which is still holding. But the tension is still great and all our bases are still besieged by Syrian and Libyan troops and tanks too.

[Isma'il] When exactly did the Libyan intervention start?

['Arafat] The Libyan intervention started the first day Mu'ammr himself announced it in his many speeches, saying: "I completely support this position militarily, politically and financially. For example, it is common knowledge that he gave \$15 million. This is in addition to the forces he made available for the operations going on in the Biqa' in which they have actively participated. There are two Libyan battalions with "support" and the battalion has 800 soldiers, 28 tanks, 30 armored cruisers besides artillery and machine guns. This means we can say it is a reinforced "regiment" or an "incomplete" brigade. We don't need to prove that the Libyans are participating because "they swagger about day and night." The Libyan information media are behaving insolently and announcing their complete participation in the military operations. I wish I had these Libyan forces when I was besieged in Beirut.

[Isma'il]...

['Arafat] Yes, he did his duty and advised us to commit suicide. He didn't send us a single bullet. But our predestined tragedy is that Sharon took the arms and caches of "mu'ammars" green army and we didn't know it. Regretably, they were kept in the depots of Jabal al-Nawa'imah under the command of a Libyan colonel named Salih al-Daruqi and Ahmad Jibril. These caches were completely surrendered unfortunately. "They should at least have blown them up," but it was our fate that these caches of the Palestinian revolution and Lebanese National Movement--we are devoid of them--are the ones Israel is now selling to South Africa and some Latin American countries. They were being prepared for what is called the "green army." I don't know of any "green army"; well, if there was a "green army," it did not act against Israel. To whom does the "green army" belong? Do you know who kept a revolver by his side and said it is the hour of resurrection?

[Isma'il] When I answered in the negative, he laughed and said:

['Arafat] Ask!

[Isma'il] When I asked, I knew that one of them kept a revolver near him in the expectation that he would use it whenever the circumstances required. Many situations and circumstances requiring the use of the revolver arose, but he never used it.

Returning to the mediation efforts, I asked Abu 'Ammar about the Syrian rebuff to the delegations engaged in mediation. He said:

['Arafat] President Asad did not meet with the Algerian-Saudi delegation sent by President Chedli Bendjedid and King Fahd. 'Abd al-Halim Khaddam met with it but just for a short time. There are other Arab mediations like the Yemeni and Kuwaiti delegations in addition to "friendly" mediations. President Andropov sent me 5 letters and special envoys and did the same to President Asad. He also sent letters to Mu'ammars. Then there was a Cuban mediation by Fidel Castro and an Indian mediation by Indhira Gandhi. I sent her details about the situation and she sent her envoy who met with Syrian officials, including President Asad.

The discussions were all "long." At first they used to say they have nothing to do with the matter, that it was an internal Palestinian affair, until they realized the delegations coming to them had information about how the "offices" were surrendered and how caches and "workshops" were surrendered and the naval unit in Latakia likewise, and how the arms and even food supplies were kept from our bases. Moreover, there are some documents and I am going to give you one of them, a report of Sa'iqah's operations on the 27th and 28th. They are the ones who stopped Major Nasr Yusuf and detained him at a road block. What kind of a road block, with all the road blocks in the region set up by the Syrians?!

The document says there was coordination between the "comrades" in the Deterrent Force and Ahmad Jibril the supreme commander, and another group, the Popular Struggle Front of Samir Ghawshah, which is different from the group of Abu

Nidal with whom Abu Salih says he is cooperating. You can take this document which proves that Sa'iqah, the Syrian Deterrent Force in Lebanon, the supreme command, and the Struggle Front are cooperating with the Abu Musa group.

[Isma'il] After you had to leave Damascus, you threatened to disclose important documents?

['Arafat] I'll do so when the time is right.

[Isma'il] You mentioned at the beginning that the operations in the Bika' started after the statements of Reagan and Shultz and Arens' warning. Do these documents have any bearing, for example, on Syro-American relations?

['Arafat] It means that when the time is right, I'll reveal everything. For now, however, I leave it up to the people to make their own judgment on this matter.

[Isma'il] If the current mediation efforts have so far achieved nothing, what can the Palestinian response be?

['Arafat] Our position is that we will not be drawn into a tribal war. I refuse to become embroiled with the Syrians or Libyans or with the Palestinian elements plotting under their command. I must say in this connection that it is not the first time Palestinian elements have been used. It happened in 1976 that they used Ahmad Jibril whom they are now using. They also used Sa'iqah, which was led by Zuhayr Muhsin, may God have mercy on him, and it is now led by Sabah Ma'ani, according to the document in your possession. Instead of Major Misbah al-Badiri whom they used in 1976, they are now using Abu Musa. Abu Nidal in 1976 is Abu Nidal today. They are the same elements who hint it is an internal Palestinian struggle. The hint has persisted a long time due to Western information "balloons." This is part of the scheme launched by the Western media until the secrets and events are subsequently disclosed and things have become obvious and clear.

[Isma'il] During the last few days the Western and Arab media began to publish statements attributed to Palestinian sources that tell of a return to covert activity.

['Arafat] We did not stop covert activity. Is our activity in the occupied territory overt activity? It is covert activity. Is the war of attrition that we and our allies are waging an open or covert war? The repetition of the words now is like newspaper "headlines," just as happened after the events of September. Some people were saying: Why don't we do what the "Tupamaros" are doing? [Editor's note: The Tupamaros are urban guerrilla bands active in Latin America.]

[Isma'il] It is reported that you intend to move or transfer some institutions of the PLO to Jordan. Is this true?

['Arafat] So far there has been no planning for this. But we welcome (the idea) and hope the Jordanian Government will allow us to move some of our offices

to Jordan, for example, the Palestine Research Center, which was closed in Beirut. I wrote to the Jordanian Government asking for permission to open the center in Amman but haven't received an answer as yet.

[Isma'il] What about the Jordanian-Palestinian dialogue?

['Arafat] When the dispute broke out between me and the Jordanian officials about the joint statement, I said the dialogue has not been shut off. We decided in the executive committee that the joint committees should continue to function and they are in fact still doing so.

[Isma'il] There is talk these days of a Palestinian government in exile. Is the formation of such a government now under discussion?

['Arafat] This is an old-new issue that surfaces from time to time. It has surfaced now and is a matter for the Palestinian leadership and the Palestinian National Council to handle. At the moment when the Palestinian leadership finds it to be useful to form such a government, it will do so immediately.

[Isma'il] In light of what is happening and the new developments, how do you view the second Fez summit?

['Arafat] The second Fez is the Arab consensus and it will continue until the Arabs decide otherwise. Until that happens, the second Fez is the basis of what the Arabs agreed to regarding the Palestine issue and they did so unanimously.

[Isma'il] Some say Reagan's initiative is still alive?!

['Arafat] No, this may be one of the things that contribute to the dispute between us and our brother Jordanians. We said any Arab activity must be based on the Fez decisions to which we like the PLO and the Jordanians and all the Arabs agreed. But I want to say something. Before going to Fez and after we got there, Reagan was casting his shadow over the conference. In spite of that, the conference and the conferees agreed to the Arab plan.

[Isma'il] There are rumors that the Palestine National Council will soon meet in an emergency session to deal with the revolt going on in the Biqa' and the support for the revolt?

['Arafat] Don't speak of "support." Let's call things by their right names. There is an aggression against us that is masked, no more and no less, by some Palestinian names. The "revolt" is part of the Palestinian names as evidenced by the document in your possession. It shows beyond any doubt that Ahmad Jibril is involved, that Sa'iqah, Nidal and Abu Nidal are involved, that the Syrian Deterrent Force is involved. As for Mu'ammār, he is "eager to please." He announces mornings and evenings that his forces in the Biqa' are participating in this operation. Since he had no standing orders to strike the Israeli forces, he wanted to use up the (arms) shipment by striking the Palestinian forces. As for the Palestine National Council, it received a number of requests, just as our brother the chairman of the council received other requests from some of my



brother members of the council who believe it is necessary and important to hold an emergency meeting to deal with the series of events that are taking place in our Palestinian arena, especially in light of the dangerous plotting against the PLO, the Palestinian revolution, and the Palestinian people.

[Isma'il] Not long ago you received an invitation from the Soviet Union to visit Moscow. A British newspaper said you have decided as of now not to go and you were quoted as saying you saw no need to visit Moscow at this time.

['Arafat] I didn't say that. It was "made up." What happened was that the executive committee was invited to send a delegation to Moscow, and a delegation headed by brother Abu al-Lutf, Faruq al-Qaddumi, director of the PLO political department, was in fact sent. There was no invitation for me.... I said a visit to Moscow was not on my program. The sentence was distorted to "I do not see any need to go to Moscow," but the exchange of delegations between us and our Soviet friends continues.

[Isma'il] At the end of the talk I asked Abu 'Ammar to assess the political effects of the Biqa' events on the PLO and on the battle against the Zionist enemy. He said:

['Arafat] The main objective of the plot is to attack the achievements and gains of the Palestinian revolution and PLO, especially after the heroic and legendary steadfastness displayed by the joint Lebanese and Palestinian forces in Beirut. They want to diminish and attack this achievement. Therefore, I say again to those who demand reform: I now want...and our people are entitled to ask them because those in the West Bank became aware and accused them of treason because my people saw what they were aiming at by this action and by this submission to the plan in which they were only tools and an umbrella, no more and no less, for attacking these gains.

As for the effects of what is happening on the battle against the Zionist enemy, I will show them to the Syrian forces, the Lebanese forces, and these Palestinian elements. Arens complained and the Israeli leadership complained in all their statements about the losses they suffered from the escalation of the operations launched by the joint Lebanese and Palestinian forces. The matter was discussed in the cabinet and Knesset.

The activity against the Zionist enemy and his military establishment and against its occupation of Lebanese territory has undoubtedly had an effect. By Arens' admission at the end of his statements, the 3 weeks preceding the events (in the Biqa') included 71 operations. An Israeli military spokesman previously admitted there were 355 operations in 3 months. The activity was escalating quantitatively and qualitatively, and there can be no doubt that it had an impact. So part of the plot is the blow directed against the forces of the Palestinian revolution in the Biqa'. O God, guide my people, for they do not know.

After the talk ended, Yasir 'Arafat went to the ground floor of the Hotel Salwa, the temporary headquarters of the PLO, to attend a celebration of the Feast of Breaking the Ramadan Fast arranged for the children of Palestinian families.



The Tunisian youth introducing the events of the program said: "We have not gathered here in joy but in hopw." After the feast, the Palestinian leader held some organizational meetings with high-ranking Palestinians and left for Baghdad on a 3-day visit.

#### Another attempt at Assassinating 'Arafat

AL-DUSTUR has learned from reliable sources that an attempt at assassinating 'Arafat was made the day before he was told he had to leave Syria.

Yasir 'Arafat had come to Damascus at the invitation of Rif'at al-Asad because Syria wanted the Palestinian leader out of the Biqa' so that his presence would not lead to a general mobilization and closing of ranks in the Palestinian forces.

'Arafat had decided to leave Damascus the night before he was told he had to leave. George Habash advised him to remain in Damascus rather than go to the Biqa' and then return because of commitments and meetings the Palestinian leader decided to hold. 'Arafat did in fact remain in the Syrian capital and instructions were issued to his private cars and companions to leave for the Biqa'.

Ten cars, three of them "armored" mercedes and one designated for 'Arafat, started out. On the road overlooking Homs the cars were ambushed and RBL-7 guns hit the three Mercedes, killing several of the drivers and wounding some others. Those who escaped (injury) fled. The absence of 'Arafat surprised the ambushers.

The next day Yasir 'Arafat announced the decision to "expel" him from Damascus and returned to Tunis.

5214

CSO: 4404/566

## BRIEFS

RIF'AT AL-ASAD, AL-AHMAR--Rif'at al-Asad, brother of the Syrian president, is presently trying to patch up his differences with 'Abdallah al-Ahmar after a feud during which the latter was subject to defamation and slander by Rif'at in the recent regional conference of the ruling party in Syria. He had also assailed him personally in central committee sessions which al-Ahmar chairs in the absence of President Hafiz al-Asad. Rumors that had been circulating in the past about removing 'Abdallah al-Ahmar and bringing in Muhammad Jabir Bajbuj to replace him as assistant secretary general of the organization have disappeared. At the same time, al-Ahmar is taking a negative stance towards each of Muhammad Haydar and Naji Jamil. But, in view of his inability to do anything about Muhammad Haydar who is related to Rif'at al-Asad, brother of the Syrian president, he is not concentrating his attack on Naji Jamil in organizational circles. He is presently concentrating on the matter of embezzlements that have surfaced in the "Wadi al-Nil" office headed by Naji Jamil. He has called for the formation of committees to investigate the matter. [Text] [London AL-DUSTUR in Arabic No 297, 1 Aug 83 p 11] 12502

CSO: 4404/569

# GOVERNMENT ENCOURAGES ENLISTMENT OF CHILDREN IN FORCES

Oslo ARBEIDERBLADET in Norwegian 13 Aug 83 p 14

[Article by Erik Sagflaat: "Iranian Children Sacrificed in the Mine Fields"]

[Text] Iranian newspapers proudly publish pictures of almost empty classrooms. The students are being killed in the war against Iraq. Khomeyni's officers clear the mine fields by letting school children run through them. The children run directly to their death in the belief that the open gates of Paradise are awaiting them.

Every day demands new death sacrifices along the border between Iran and Iraq. The fronts do not move much. Iran's superiority regarding supply of soldiers--and the total lack of respect for human life--counterbalances Iraq's superiority regarding weapons. School children used as clearing crews for the regular platoons help very little against modern anti-personnel mines and machine guns.

Foreign journalists have been allowed to meet with Iranian school children in Iraqi PW camps. The children have ranged in age down to 12 years. They are afraid to return home if they are released. By being taken prisoners instead of dying the death of martyrs, they have betrayed Khomeyni's God. The penalty for that is death.

There are steady reports about heavy battles. Both parties claim to have killed thousands of their adversaries while their own losses are presented as being minimal. The reports can never be confirmed. Foreign journalists do not get to the battle fronts except on carefully planned tours designed for propaganda purposes.

The losses have been heavy on both sides. It is estimated that so far 150,000 Iranians and 50,000 Iraqis have been killed, but these figures are far from certain.

## Costly War

There are many indications that the battles no longer are as heavy and bloody as they were earlier, although Iran especially has claimed great victories.

The U.S. news magazine NEWSWEEK writes from Bagdad that it now almost has come down to a pinprick--neither party can afford great offensives. Moreover, the war costs each party about 1 billion dollars each month.

The war has been particularly felt in the Iraqi economy. The country which at one time had the most prosperous economy in the Middle East is today deeply in debt and must call on the population to surrender their jewelry in order to provide funds for the purchase of new weapons.

The war has hit Iraq's economy even harder than it has Iran's economy. Iran manages to maintain oil exports of 1.5 million barrels a day. Iraq has been forced to cut back its oil export from 3.5 million barrels to 650,000 barrels a day. All Iraqi oil ports on the Persian Gulf are closed. The oil pipeline through Syria is closed. The export is maintained through a pipeline from the town of Kirkuk and through Turkey. Kirkuk lies close to the Iranian border and it is a tempting target for the Iranians, but so far the inaccessible mountains around the town have prevented that.

#### Stopped Development

Before the war started, Iraq was the most promising market in the whole world. Foreign companies poured in. Saddam Hussein wanted to direct the enormous oil income to a gigantic development and modernizing program. Plants, housing, railways, roads, power plants and large tourist projects were to be developed. The payment for all that seemed guaranteed, Iraq had large foreign exchange reserves.

Today, companies that became involved are forced to give large credits. One West German developer has 100 billion Norwegian kroner outstanding. French companies that were among the most eager, are so deeply tied up in projects that Iraq no longer can pay for, that the French state has taken over all direct negotiations.

A series of projects has been put on ice, such as the construction of a subway station in Bagdad, a nationwide railroad system, houses and highways. The money goes for weapons, and now even an attempt has been made to purchase weapons with payments in oil on a long-term basis. Poor Philippine guest workers must in the meantime wait for 2 years to receive their salaries. The negotiations about this matter are being conducted above the workers' heads directly with the government in Manila.

#### Iraq Wants Peace

Saddam Hussein made a gigantic error in judgement when in the fall of 1980 he let his soldiers march into Iran. The blitz-offensive that was to yield quick victory got stuck in the desert. Now the Iraqis have been driven out of Iran but Khomeyni does not want any peace except on his own terms.

"The war will continue until Iran has won a final victory and all of Iran's conditions have been met," said Iran's president Ali Khamenei.

As a result, all peace efforts from Saddam Hussein are therefore directly rejected.

Before there can be any talk about a peace agreement, Iran demands that all foreign troops must be pulled out of Iranian territory; that a compensation of up to 150 billion dollars must be paid, and that "the guilty will be singled out and punished."

The last demand means that Saddam Hussein must be removed from office and be punished--a demand that may be difficult to be met. Despite the mistake of attacking, Saddam Hussein has kept his position. The propaganda provides enormous personal worship, and Hussein is remembered as the person who saw to it that the Iraqis got televisions and freezers.

The Gulf states have offered to form a fund that will cover the war damages in Iran in an attempt to obtain an armistice. This was not accepted by Iran either. Iran does not want to accept that the "rich uncles" arrange it--Iraq itself must bleed economically for the war.

The current regime in Iran is not exactly known for yielding in its conditions. It is therefore likely that the war may continue for a long time. Even with its superiority in population, it is hardly believable that Iran will be able to win a military victory. But the war has a stranglehold on the Iraqi economy--and in the long run that can be decisive. The formerly very rich neighboring Arab countries are not so rich anymore after the drop in oil prices, and Iraq can no longer expect that they will pay the bills. This might be viewed as haunting Saddam Hussein's future.





These pictures have been repeatedly published in the Iranian newspapers and with pride it is reported that the empty desks belonged to the "martyrs" in the war against Iraq.

9583

CSO: 3639/163

COMMENTS ON PROLONGATION OF WAR BY IRANIAN AUTHORITIES

TA141955 (Clandestine) National Voice of Iran in Persian 1730 GMT 14 Sep 83

[Unattributed commentary: "The People Are Fed Up With the War's Continuation and With Giving Sacrifices"]

[Excerpts] Dear compatriots: In connection with the approach of the anniversary of the beginning of the war imposed on our homeland, which is the result of the plot of U.S. imperialism, the people are posing the just question as to how long this war of attrition will continue? Is the time not ripe for seeking a solution to end the war?

Everyone knows that the war imposed on our homeland and Iraq benefits imperialism and Zionism and harms the two nations of Iran and Iraq. Specific circles in our homeland, by playing with the people's patriotic feelings, have raised the slogan of continuing the war until final victory. Thus, they want to justify the war's continuation for an indefinite period. These gentlemen, not even one of whom has so far participated in the war, are galloping full speed toward a path desired by world-devouring America, since U.S. imperialism and its allies are opposed with all their might to the end of this destructive war, and want this war to continue. These gentlemen, who have grasped authority as well, do not want the war to end, because if this war ends then the people will ask the authorities: What have you done toward fulfilling the revolution's slogans and goals? They will justly ask: Why have you not put an end to the plunderings of feudalists and major capitalists? Why have you not placed land at the disposal of toiling farmers? Why have you invalidated the people's political and social freedoms? The authorities have no answer to give the people.

The people are observing that, in words only, these gentlemen are constantly raising the slogan of "Death to America, Death to Zionism," but in practice they are purchasing arms from both America and Israel, in various forms.

The war's prolongation has undermined both Iran and Iraq. The Islamic Government has adopted a line of rapprochement with the West and America. Both

America and Israel, in order to prolong the imposed war, are willingly providing the Islamic Government of Iran with weapons and spare parts for U.S. arms, so that the war will not end and so that both countries will continue military operations. It was very recently that Israeli Prime Minister Begin, during his visit to Washington, said frankly that in future as well, Israel will continue to meet the needs of the Iranian regime with regard to arms and military equipment. Everyone knows that the delivery of U.S. arms to Iran, by means of Israel, cannot take place without the knowledge and consent of the imperialist and world-devourer U.S. Government. The reality is that the people are fed up with the prolongation of this war of attrition and with giving so many sacrifices, and demand a just end to this war.

CSO: 4640/357

CLANDESTINE RADIO COMMENTS ON PLIGHT OF IRANIAN WORKERS

TAl32048 (Clandestine) National Voice of Iran in Persian 1730 GMT 13 Sep 83

[Unattributed commentary: "The Government Is Unmasking Its Anti-Labor Face"]

[Excerpts] Dear compatriots: Following the insidious assault of the Islamic Government's SAVAKISTS on the true revolutionary forces, particularly the Iranian Tudeh Party, on the basis of the acknowledgment of official authorities, so far thousands of struggling and innocent individuals have been arrested and subjected to physical and mental tortures, merely on the charge of being faithful to the revolution and its goals and even for supporting the true revolutionary forces.

Scores of thousands of workers, civil servants, and employees of various institutions, whether administrative or productive, have been dismissed from work on the basis of files compiled by the Islamic Government's SAVAKISTS and superficial elements. Evidence indicates that hundreds of members and followers of the Iranian Tudeh Party and other revolutionary organizations, in Tehran and in other towns and parts of the country, have been eliminated without interrogation and without the observance of even legal procedures merely on the basis of verdicts issued by Shari'a judges, and thousands have been made homeless and have disappeared. Recently, the revolution's prosecutor general confirmed and admitted that a large number of workers, as well, have been dismissed from factories and productive institutions throughout the country. As always, the pretext and excuse of the Islamic Government and its stern officials in carrying out this illegal and inhuman measure, was the very charge of affiliation with or support for the Iranian Tudeh Party, or so-called subversive activities in the working environment and the factory.

Should you carefully focus attention on the method of approach and outlines of the charges by the Islamic Government as well as by the implementors of the plans and plots of supporters of major capitalists and large landowners and their Western masters with respect to the revolutionary forces, you will undoubtedly reach the conclusion that they are the variant of the same insidious methods of the annihilated shah's SAVAK but wrapped in Islamic paper.

They are inflicting the very tortures of the era of domination by the Shah's oppressive regime, in the (?religious) garb, on the best sons of this land. They are arresting or dismissing from work groups workers who have no alternative but to defend their union rights against the bullying and violations of pseudo-Muslim employers.

As you are observing, the play which the Islamic Government's SAVAKISTS prepared with the cooperation of advisers of the CIA and the Intelligence Service, and whose performance was assigned to their elements in the Islamic Government, was brought on the stage phase by phase and with a world of trickery and various ploys and ruses. In implementing this disgraceful and scandalous play, the Islamic Government violated every article of the constitution, and dealt the basic blow at the body of the pillars of the revolution, namely workers and farmers. Thus, the government unmasked its anti-labor face. Currently, both major capitalists and large landowners, as well as their American masters, are pleased, and why should they not be?

Many of the authorities and the staunch supporters of large landowners and major capitalists, whether turbaned or not, clergy or non-clergy, are at present openly saying: Those remarks about palace-dwellers and slum-dwellers, the oppressed and the arrogant, have become old stuff. At one time they were necessary and were made in order to deceive the people and flatter them.

Yes, today the place of toiling people and workers--those individuals whose sacrifices and struggles achieved this revolution--is in prisons and dungeons of SAVAKISTS in the employ of the Islamic Government. However, the Islamic Government's right-wing authorities are gravely mistaken. People who succeeded in overthrowing that despotic and bloody regime with bare hands, can with unity and alliance, and by organizing and resorting to various forms of struggle, throw into the garbage heap of history those who are entertaining the thought of reviving the corrupt system of exploitation dependent on imperialism.

CSO: 4640/356



MOSCOW COMMENTARIES ON TUDEH PARTY CRITICIZED

GF181726 Tehran ETTELA'AT in Persian 6 Sep 83 p 12

[Text] Tehran, (IRNA)--Soviet radios are spreading slanderous lies in Persian against the Islamic Republic of Iran.

Following the first overt declaration of the Soviet Government regarding the imposed war by Radio Moscow in Persian on 15 August 1983, these propagandistic and political attacks have continued increasingly against the Islamic Republic of Iran. The dimensions of this calumny can be gauged from the fact that within the period from 15 August to 3 September 1983, 56 commentaries have been broadcast, some of which have been repeated in the various services of these radios, according to their significance.

It is interesting to note that for a long time preceding the imam of the nation's speech on 21 August regarding the treachery of the deceitful Tudeh Party in a meeting with the brothers of the Islamic Revolution Guards corps security personnel, the radios of Moscow, Baku, and Tashkent did not broadcast any special items on the Tudeh Party and mentioned sundry topics in their talks on Iran. But just 1 day after this speech of the imam of the nation, these radios began to broadcast detailed talks in support of the Tudeh Party and in justification of the overt treason of the party.

Regarding the same matter and as an example, from 22 to 26 August that is, only a day after the speech by the imam of the nation, 8-21 commentaries of Radio Moscow centered on the disbanded Tudeh Party. It may be observed that the broadcast of these talks in favor of the traitorous Tudeh Party occurred in the period of time between the broadcast of the Imam's speech that is, 21 August, and the second interview with Kianuri by the Vision of the Islamic Republic of Iran on 26 August. Silence was maintained only from 27-29 August, that is the time of the telecast of Kianuri's interview until the evening of 29 August, but afterwards the confessions of Kianuri were once again dubbed as a "charade" and "false." During the period between 29 August and 3 September, five talks on the defunct Tudeh Party were broadcast, expressing support for it.

CSO: 4640/354

## DISCUSSION ON ISLAMIC COURT INVESTIGATIONS

GF081404 Tehran JOMHURI-YE ESLAMI in Persian 25 Aug 83 p 1

[Excerpts] This week the investigations of the International Islamic Court began in Iran. This court is made up of Islamic lawyers of many countries, including: Pakistan, Sri Lanka, England, Switzerland, Indonesia, and South Africa. Its work started 9 June 1983 in Islamabad, Pakistan, and the present headquarters of this court is in Lahore. According to the head of this court, this group is planning to investigate four main points:

1. To determine the main reason for war between Iran and Iraq.
2. To determine the guilty party.
3. To determine the amount and dimensions of the crimes that occurred during this war.
4. To determine the damage done to the Islamic world movements.

The court has already announced the start of its investigations to the two parties involved and asked them to provide any positive evidence they have for or against the points mentioned by the court and to provide all the documents they have to prove their points. The two parties should also make it possible for the members of the court to visit the war areas and any other areas that the members of the court deem necessary to be visited. The parties should help this International Islamic Court in any way possible.

The head of the group has announced that this investigation is based on the Holy Koran, the Sunnah [the laws made by Mohammad], and the international rules and laws on cases concerning war.

Even though the court has invited Iran and Iraq to submit their evidence for investigation, the regime of Baghdad has not yet given any positive reply to this invitation and has not announced its policy on the international Islamic court. For about 3 years now the regime of Baghdad has ignored all

kinds of peaceful courts which have attempted to find out who is the occupier. The press and other agencies of the regime of Baghdad and its supporters have not even attempted to announce this news. It is natural that the accused will never like to see himself sitting in the guilty seat in a peace court because it would mean he would have to openly announce that all his propaganda was boasting and was invalid.

In relation to this point of view, the head of the International Islamic Court has a strong policy. He has said: "In judicial meetings, it is customary to have both parties present, but if one of the parties is absent, it will not stop the court from doing its job." The head of the court also said: "We have attempted to take an Islamic action and we do not care whether the United Nations recognizes us or not. We cannot sit by and watch a delay in the orders of God." What is important at this point is that after choosing the wrongdoer and understanding that this 35 months of war has seriously damaged the world of Islam, this court should pay attention to the countries which supplied arms, currency, and other aid to the wrongdoer. If the court discovers that some of the regimes who are acting as Islamic countries have invested directly or indirectly in this war, it should announce their names to the world so the Muslim will know what crimes and disloyalties some of the regimes of the Islamic countries commit with the money of the Muslims. The Islamic International Court should be specific and should show the results of its investigations to all the Muslim nations and the freedomseeker movements of the Islamic world.

CSO: 4640/353

## BRIEFS

HASHEMI-RAFSANJANI, SOVIET ENVOY MEET--An opposition transmitter which can be heard in Europe broadcast its view on the Soviet ambassador's meeting with Hashemi-Rafsanjani to the effect that political circles are attributing extraordinary importance to this unexpected meeting and the matters discussed therein. The commentator of this transmitter added: Even though the text and (?details) have not been divulged, it is possible that the meeting of the Soviet envoy in Tehran with Hashemi-Rafsanjani revolved around some fundamental issues, first of all, gratitude to Ayatollah Khomeyni at a sensitive time when the whole world has risen up against the Soviet Union and even this socialist country has not defended its action of shooting down a civilian airplane of Republic of Korea, Khomeyni has defended the Soviet Union and denounced the United States. Second, the issue of supplying arms to the Islamic Republic, that it may not continue its support of Iraq and can compensate for its (?not having) the Super Etendards. This transmitter in its comments on [words indistinct] but what is being given more importance in political circles is that Hashemi-Rafsanjani is daily emerging as the number one figure of the Islamic Republic, and foreign political officials prefer to discuss and solve official issues with him. [Text] [GP091230 (Clandestine) Seda-ye Iran in Persian 1930 GMT 8 Sep 83]

CSO: 4640/355

## ELECTIONS SEEN AS ONLY WAY TO AVOID DISASTER

Lahore NAWA-I-WAQF in Urdu 1 Aug 83 p 5

[Text] Earlier, too, our country witnessed the spectacle of attempts to gain political authority in the name of political structure. Given the consensus constitution of 1973, there is no need for another political structure and the Pakistani people will not accept any such structure. Considering the past performance of this regime, it can safely be assumed that the new political structure will not be acceptable to anyone. This is because the object of this structure is to strengthen and consolidate the power of the government in order to crush the rights of the people. Such a political structure can only increase, it cannot diminish, disunity and disharmony. Martial law has been in force for 6 years and it has been said that the constitution is only a piece of paper that can be violated and discarded at will. This kind of attitude is not realistic. Such action can only deepen political differences and aggravate the crisis. At the moment, there is no constitution. This land is being defiled with lawlessness. Even after 35 years, the Pakistani people are without the protection of a constitution. The country is being run under a single order of martial law. The masses are fed up with the situation. There is talk of a constitutional role for the military. The 1973 constitution has defined the role of military. Now only elected representatives have the right to bring about changes in this role. Not in every country is it the business of the military to run the government; the military only guards the borders. But in our country there is a proposal to create a constitutional role for the military. This is unacceptable. After 6 years of martial law, the provinces are developing a feeling of insecurity. They do not find the proper atmosphere in which to protect their rights. Therefore, the need of the hour is to hold general elections on the basis of the 1973 constitution and hand over the affairs of the country to the representatives of the people. Any other course leads to disaster.

12286

CSO: 4656/235



## MRS BHUTTO TO NAME THOSE WHO MISAPPROPRIATED FUNDS FOR HUSBAND

Lahore NAWA-I-WAQT in Urdu 1 Aug 83 pp 1, 12

[Text] Chairperson of the banned People's Party [PP], Mrs Bhutto plans to name the people who took money from her to secure the release of the former prime minister, Z. A. Bhutto, and misused the funds. The delinquents will be expelled from the party. This is disclosed in a report published in the Hyderabad Sindi newspaper AFTAB. According to the report, while the former prime minister was being tried on the charge of murder, Mrs Bhutto in her anxiety to have her husband freed lavishly distributed millions of rupees. The report says that a prominent personality, who is no longer with us, took 10 million rupees from Mrs Bhutto. A leader from Punjab pocketed nearly 50,000 rupees. Similarly, a former federal minister from Baluchistan took 2 million rupees to start a movement to secure the release of Mr Bhutto. The newspaper adds that a person from Sind took 7,000 from Mrs Bhutto for the same purpose. He claimed to have spent money on People's Party workers in jail whereas, in fact, he did not spend anything on them. Citing PPP sources, the report says that Mrs Bhutto has prepared a list of the fraudulent leaders who, on various pretenses, took hundreds of thousands of rupees from her. According to these PPP sources, as soon as political activity is permitted, the party chairman, Mrs Bhutto, will release the names of those selfish leaders who embezzled funds. The People's Party also plans to release a complete report on Islamuddin, alias Tipu, and Raja Anwar, who in 1971 hijacked a PIA airliner. The newspaper claims to have learned from PPP sources that Islamuddin is presently in a Kabul jail on charges of murdering Shinwari, the bodyguard of Murtaza Bhutto, and cheating Murtaza Bhutto himself. On the other hand, Raja Anwar has been released from jail. According to PPP sources referred to in the newspaper report, Murtaza Bhutto and Shahnawaz Bhutto, having become fed up with treacherous persons, have closed the Kabul office of the Alzulfiqar organization and gone to France. France has given them political asylum on their promise that while there they will not engage in any political activity directed against the Pakistani Government.

12286

CSO: 4656/235

## NEW 'IMPUDENCE' OF COMMUNIST PROPAGANDISTS DESCRIBED

Lahor NAWA-I-WAQT in Urdu 1 Aug 83 p 10

[Text] Along with its unanimous decision to dismiss one of its members (known for his communist views), the Lahore Bar Association also urged the bar council to revoke the member's license. This action was taken on the basis of this lawyer's booklet on communism which, according to the members of this respected institution, contained elements considered derogatory to Islam and its founder and expressed opinions that could hurt the feelings of Muslims. The bar has also recommended to the government that this book (published without the name of printer or publisher) be confiscated.

It is noteworthy that the process of protest and resentment against this book originated with the legal community. Following this, religious circles raised the cry of condemnation and disapproval. This is because the book was first distributed among the lawyers and came to their notice first. This action of the Bar Association is not merely praiseworthy. Whatever the circumstances of the case, religious and nationalistic circles will welcome the fact that the High Court Bar Association did not overlook the impudence of one of the representatives and spokesmen of the enemies of Islam and anti-Pakistan elements who are trying to use the bar platform in the name of the restoration of democracy and whose real aim is not the restoration and strengthening of democracy but rather the imposition of communist dictatorship and atheism.

The communist element has never remained under cover. The influence it has gained in literary, cultural, journalistic and educational circles (mostly with the blessings of the bureaucracy) and the manner in which its champions have wormed their way into the administration is well known to informed observers. The protectors and guardians of the communist element (which include present-day ministers, people with ties to government circles and prominent industrialists and businessmen) are also well known. But the problem, or rather tragedy, lies with the very administration that wants to make such far-reaching progress in imposing Islamic law as to make retreat impossible for any future government. Its weakness, fairness, gentleness or slackness of martial law is helping anti-Islamic and anti-Pakistani elements become bolder. These elements are also getting encouragement from the attitude of their fellow-travellers in the administration (their so-called impartial attitude in matters of Islam). The Shariat movement that began in March 1977 drove these feckless elements underground. The determination of the present administration to enforce an Islamic system was a source of discouragement and disappointment to them.

But the Russian occupation of Afghanistan and the presence of Russians on the Turkmen border has given new heart to the communist elements as well as to Wali Khan and company. Especially since the day the Russian ambassador in Islamabad, Mr Smirnov began making extremist, reckless, critical and hostile remarks on Pakistani affairs, these elements have given up caution as unnecessary and have begun to display increasing fearlessness.

An open and full demonstration of this fearlessness occurred in the Karachi Press Club a few days ago. Here the so-called memorial committee of the Jewish father of communism, Karl Marx called a meeting to commemorate his 100th anniversary. Many progressive and Red intellectuals sang absurd praise of their "prophet" and went to the extent of saying that Muslims should now accept the Marxist ideology. To support this reasoning, they resorted to far-fetched arguments. They maintained that since Muslims had accepted Greek philosophy and many scholars in the subcontinent had commented on the teachings of the Koran in the light of European science, Muslims (according to them) should accept the philosophy and point of view of Marx. This because, as they said, Islam has always emphasized recognition of reality. One intellectual declared himself the well-wisher of working people. But he forgot how the voice of workers in Hungary and Czechoslovakia had been crushed by Russian tanks and how for the last couple of years workers in the communist state of Poland have been struggling and making sacrifices to have their independent union recognized.

12286

CSO: 4656/236

PAKISTAN NATIONAL PARTY LEADER STRESSES PROVINCIAL AUTONOMY

Lahore CHATAN in Urdu 25 Jul-1 Aug 83 pp 7-11

[Interview with Pakistan National Party Secretary General Qasur Ali Gardezi by Qamarul Haq Qamar]

[Excerpts] [Question] According to you, what is the cause of the present political crisis?

[Answer] Right from the day Pakistan was created, the bureaucracy dominated the administrative machinery of the country and in every period exploited the incompetent politicians for its own selfish ends. After the death of Quaid-e-Azam the capitalistic, feudalistic and self-serving leaders of the party that created Pakistan fell out among themselves. Because of their lust for power, they brought disgrace on the Muslim League. The ideals and aspirations of Quaid-e-Azam were sacrificed in the interests of self-aggrandizement and self-interest. This happened because these politicians had performed no worthwhile service in the creation of Pakistan. Sacrifices were made by the poor and they were the ones who lost their lives in the struggle.

The capitalists and feudalists became masters of Pakistan's destiny for nothing. The people who acquired power considered the country their personal fief rather than their motherland. The press was under the control of the capitalists. Consequently, it became the mouthpiece of the capitalists. Those who spoke for the poor against the forces of the propertied class were branded as traitors.

[Question] Who are those politicians who, according to you, the bureaucracy has been exploiting?

[Answer] There is nothing secret about their identity. In every age they can be seen in the government. Only those people who are without any redeeming virtues or who have killed their conscience in the pursuit of wealth can become agents of the government. In different guises, capitalists and feudalists have always dominated the government. In my opinion, to take part in government without obtaining the consent of the people amounts to political abuse. There are those who do not want to join the government and there are those who want to join, but government makes fools of them and uses them for its own self-interest. These days, Pir Pagaro is playing this role.

[Question] Those who raise their voice against capitalism and proclaim themselves friends of the poor are, in many cases, themselves large capitalists.

[Answer] Love the poor is a God-given sentiment. If a person is a capitalist, that does not mean he cannot have any sympathy for the masses or that he has no right to be their representative. For instance, Allah has blessed me with wealth and prosperity. If you were referring to me, I can claim that my life has been spent in an effort to free the masses from the grip of the propertied classes and this remains the goal of my struggle. I have been sent to jail 10 times. No other person paid so many fines as I have. During the regime of Ayub Khan, I organized a procession consisting of 10,000 workers. As a result, my property was confiscated. Now what is this sentiment that drives me to sympathize with the poor? It is not fair to brand someone a socialist, communist or Russian agent just because he participates in the fight for workers' rights. It is sheer false propaganda to say that we are getting money from Russian or from any other power. Over the past 35 years I have never met a Russian. Who can be a bigger traitor than the person who receives money from Russia or from America? We do like some aspects of the Soviet system. If merely on account of this we are branded traitors, then why aren't we tried in a court of law and given punishment?

[Question] Is provincial autonomy a threat to the security of Pakistan?

[Answer] Those who talk of a strong center are in fact interested in strengthening their authority. The confidence of the masses is an indication of the strength of the center. In a strong and developed country like America there is provincial autonomy to the extent that the states have their own militias. Different states have different laws. Every state has its own flag. Does this mean that the American federal government is not strong? In our country, talk of the center's strength is used as a political weapon. I would like to point out to those who talk of the center's strength that since independence the center has been strong but during this period how much progress has been made? Has inflation been controlled or has it increased?

This kind of talk is only meant to distract attention from the problems facing the people. Every leader chants the formula of democracy but no politician speaks of the problems of the masses. If we want to keep Baluchistan with us we will have to grant it provincial autonomy so that the problems of the people there can be tackled. Otherwise, the people there will join the movement for secession. East Pakistan seceded because it was not granted provincial autonomy and the problems of its people were not solved.

[Question] Why didn't your party join the Movement for the Restoration of Democracy [MRD]?

[Answer] Since MRD has not made a decision on many issues, differences still exist among different parties. So much so that some parties have not even been able to resolve their own internal differences. Tahrir-e-Istiqlal issues statements that could very well damage MRD. Jamiatul-Ulema-e Islam, which has joined MRD, stands aloof from its activities. Under these circumstances how can one expect MRD to impart strength to its struggle? We want MRD to state its position on the issue of provincial autonomy categorically.



[Question] It is said that in Baluchistan, BSO [Baluch Students' Organization], with the support of Russia, is actively engaged in a secessionist movement.

[Answer] If this is so, then BSO should be taken to court and if the charges are proved the case should be taken to its logical conclusion. In my view, it is sheer propaganda. If you go there and meet the leaders of BSO the situation will become clear to you. The fact is that because of continuous dictatorship, the people there are unhappy. Their problems are not being solved. And if they demand a solution to their problems they are denounced as traitors.

[Question] After your meeting with [Ataullah] Mengal, can you tell us what role he is playing abroad?

[Answer] He has taken political asylum and is now living in London. He still carries a Pakistani passport. On the face of it, he is not indulging in any activity that could be considered anti-Pakistani. I advised him to come to Pakistan. But he declined out of fear of arrest. Under present conditions, he does not want to come to Pakistan. He opposed democracy because he would get only four [national assembly] seats in Baluchistan. He believes that the government will always remain in the hands of Punjab.

[Question] Did Mr Bizenjo, while affixing his signature on the 1973 constitution, also make a dissenting note.

[Answer] He had warned the military that if it exceeded the limits and assumed power it would be a violation of the constitution.

[Question] Do you accept the 1973 constitution in toto?

[Answer] In our view, the 1973 constitution is not strong enough. Had it been strong, Mr Bhutto would have held fair elections and incidents of election-rigging would not have occurred. Nor would the military have occupied the seat of power. We do not accept the constitution in its present form. Instead, we would strengthen provincial autonomy.

12286

CSO: 4656/244

INFORMATION MINISTER CLAIMS MRD MOVEMENT FAILED

GFO21147 Dubayy KHALEEJ TIMES in English 2 Sep 83 p 18

[Article by Geof Malone]

[Text] Islamabad--Pakistan's Information Minister Raja Mohammad Zafarul Haq, has said that the campaign launched by the Movement for the Restoration of Democracy (MRD) has failed to attract the support of the masses because there is no logic behind it.

He said there was no serious situation in the country and predicted that opposition politicians would shortly realise that it was in their interests to ensure that a peaceful transfer of power takes place in accordance with the timetable laid down by President Mohammed Ziaul Haq.

In an interview with KHALEEJ TIMES, Mr Haq said that the government had not been surprised by the current agitation because the MRD had announced it would oppose the president's plans even before they were spelled out.

"In their own interest they should have waited to see what was proposed," he said.

"As it was, the issues which they had been expecting to protest about were not proposed by the president. There will, for instance, be no special role for the armed forces, there will be no change from a parliamentary to a presidential system, and with only a few amendments, the 1973 constitution will be retained."

"People had been asking for a return to democracy and when the president announced it, there was simply no reason for them to rise up."

Mr Haq said practical reasons made it difficult to hold the elections in less than the 18 months laid down in General Zia's timetable.

The local body elections in four provinces would take about three months to complete, and these would be followed by provincial elections. After that the preparations for the general elections could begin when constituencies would be announced, time given for objections and appeals, and then the filing of nominations and other procedural matters.

"Talk to any politician privately and he'll tell you that even if they are given the government today, it will take them certainly a year or two to conduct election. It could not practically be done in less time," said Mr Haq.

Mr Haq said the proposed amendments to the constitution were in the light of the experience between 1973, when the existing document was drawn up, and 1977 when General Zia took power.

One amendment will allow for the introduction of the Federal Shariah Court which is part of the process of Islamisation. A second will give the president the power of ordering elections if a national crisis occurs. This would overcome the impasse which occurred in 1977 after the chief election commissioner had announced that there had been widespread pool rigging. [as printed]

"But to put another check on this power of the president and ensure that he keeps in mind all the factors that cover national interest, a national security council is envisaged which will advise the president whether it is imperative to take such a step. This will include the chief justice, minister, the prime minister himself, but the exact composition is to be decided later," said Mr Haq.

He agreed there were still some unanswered questions following the president's address on August 12, such as whether the elections will be held on a party or non-party basis. The committees and a commission which had been appointed to look into the matter had, by and large, returned verdicts that there was no place for political parties in an Islamic system, but Pakistan had held elections on both party and non-party basis.

"The president consults a large number of people and this is one factor which will be announced at the same time as the date of the election. If it is announced too early there are dangers from a very prolonged period of political activity," said Mr Haq.

As regards qualifications of candidates for election, Mr Haq said every country drew up guidelines such as age, solvency, and the need for mental faculties and the same would be done in Pakistan. Past political activity would not be taken into account.

He pointed out, however, that when political parties were required to be registered in 1979, the Pakistan People's Party [PPP] and the Pakistan Democratic Party had declined to supply their account and sources of income which was a requisite for legal registration.

Mr Haq said he believed the recent trouble in Sind had been caused by big landlords who had been allowed to retain large despite the land reforms of the Ayub and Bhutto governments. [sentence as printed] The PPP had threatened that if they did not cooperate with the campaign, their land would be taken from them. "There is no commotion in Karachi, Hyderabad and Sukkur. It has only been in the rural areas which is evidence that the landlords have been involved."

## ECONOMIC RELATIONS WITH TURKEY EXAMINED

GF101056 Karachi DAWN in English 5 Sep 83 p 7

[Editorial: "Pakistan-Turkey Economic Cooperation"]

[Text] President Ziaul Haq's visit to Turkey seems to have ended on an unequivocal note of satisfaction, on the part of both countries. The communique issued at the end of the visit confirmed this but, communiques being what they are, even more indicative of the success of the talks between the leaders of the two countries was the evident warmth with which the whole affair was conducted. Frequent references by the presidents of the two countries left little doubt about the cordiality of the talks. The communique itself took note of the various issues, both international and bilateral, on which the two countries agreed, and the progress which can be expected in future in relations between the two in various fields. On the international front concern was expressed over the Gulf war and the possibility that its continuation might jeopardise the stability of the region, and both offered their services towards finding a peaceful solution to the conflict. Other matters over which agreement in views was expressed were the issue of Afghan refugees in Pakistan to be assisted by the international community, Israel's occupation of Arab territories and its invasion of Lebanon, and the wave of unprovoked violence by Armenian terrorists in which a number of Turkish diplomats have been killed.

While agreement on international matters has its place in the scheme of things, it was really the understandings on further improving relations between the two countries that was the highlight of the visit. Pakistan and Turkey have traditionally had good relations but unfortunately this has yet to be translated into concrete terms, in the sense that economic ties do not reflect the cordiality between the two. This is amply borne out by the fact that until a few years ago trade between the two amounted to just a couple of million dollars annually. Although various reasons have been given for this, among them that there is lack of complementarity in the economies of the two, these reasons do not fully explain the lack of trade. There have, of course, been some important collaboration, particularly under the aegis of RCD [Regional Cooperation for Development], but this has been negligible when compared to the potential that is present. One point that should be especially taken into

consideration is that Pakistan and Turkey occupy positions of relative strength within the Islamic world: They obviously do not have as much capital as the oil exporters, but they have scientific and technical manpower, a technological base and a burgeoning industry which can be put to good use. In the last few years there seems to have been greater realisation of this fact, as a result of which trade has jumped to an annual figure of something like 50 million dollars and talks are proceeding satisfactorily on several joint ventures. Similarly the need for greater technical and scientific exchanges is reflected in certain other moves made recently, such as a technical cooperation agreement in agriculture, fisheries and forestry, an agreement of cooperation between the Middle East Technical University of Ankara and the university grants commission here, and another agreement under which Pakistan automobile corporation had contracted for the manufacture of spare parts.

President Zia's recent visit, however, has taken matters a step further and both as a result of specific moves made and the feeling generated that better economic ties are desirable there is a distinct possibility that increased activity will follow. The next meeting of the joint economic committee, for instance, will consider ways of increasing bilateral cooperation, particularly in the field of joint ventures and in improving shipping. In the latter field it has already been decided to introduce a regular cargo service, lack of which was hampering trade, whereas air services between the countries will also be improved. Some of the other developments which will help more intensive economic relations are the creation of a joint engineering and consultancy enterprise and the introduction of better communication facilities between the two countries. In the final analysis, of course, it is not just agreements that count but also the will to really go ahead with projects, and in this particular case there does appear to be a firm commitment to this.

CSO: 4600/910



# OPEN COURTS CRITICIZED, TERMED MERE SHOW

Lahore NAWA-I-WAQT in Urdu 9 Aug 83 p 5

[Text] Addressing an open court in Wazirabad Tehsil, the Superintendent of Police, Gujranawala stressed cooperation and trust between the public and the police for the eradication of crime. He promised complete confidentiality to his audience if they made any complaints against improper police behavior. No one came forward with any complaints. Newspapers reported that the open court was crowded with uniformed police officials. Open courts are a sham because the people present are chosen by the police or local administration. The other problem is that the high official hearing complaints merely performs the ceremony, beams with happiness and contentment and departs, whereas the complainant becomes the target for vindication and revenge. He is taught a never-to-be-forgotten lesson that deters others from speaking out.

The open court system is a leftover from British times. Then it was common practice for a superintendent of police or deputy commissioner to sit in an open space without any officials, and the complainant, without any undue fear, narrated his complete story in confidence. No bureaucrat or courtier could interpose. The present atmosphere is not conducive to fostering trust or openness. A custom is fulfilled but no tangible results are produced. The crux is to generate trust so that people can complain without fear or danger. When a high official received ill-gotten gains and illegitimate income from his subordinates, his obvious sweet talk to lull the public is meaningless and useless.

12197  
CSO: 4656/243

## JATOI'S ANTI-PUNJAB REMARKS DECRIED, REBUFFED

Lahore NAWA-I-WAQT in Urdu 9 Aug 83 p 5

[Editorial: "Mr Jatoi's Complaint Against Punjab"]

[Excerpts] In an address to the Karachi Press Club, Sind People's Party Chairman Mr Ghulam Mustafa Jatoi complained about the Punjab. He stated that it was the responsibility of Punjab to keep the country united. Sixty percent of the population, 95 percent of the army and 75 percent of the bureaucrats are Punjabis. In this situation, it is normal for smaller states to feel deprived and helpless and think they do not play any role in the affairs of the government.

Mr Ghulam Mustafa Jatoi has vowed that he dearly loves this country. Every Pakistani loves this country above all. It is the result of supreme sacrifices and intense struggle by this and previous generations. This patriotic sentiment of Mr Jatoi is laudable as is his statement that he is against parochialism. However, when he ignores facts and blames every shortcoming on Punjab and talks about the deprivation of smaller provinces, he is guilty of parochialism. If it is the responsibility of Punjab to keep the country united, is it not also the duty of other states? And if Punjab has sacrificed and should sacrifice, shouldn't the other states do the same and share this noble sentiment?

Mr Jatoi complains about Punjab, but he forgets that his party received the maximum number of votes from Punjab. He has also forgotten that Punjab was always in the forefront of every movement for democracy and that Punjab has played an active role in making these movements successful. Punjabis are as fond of democracy as are the people of other states and they are struggling along with their brothers from other states for restoring democracy.

Administration of a country is everyone's responsibility and to serve the nation is everyone's duty. The enemy lies in wait for us. The safety and independence of our country demand that we change our viewpoint. Parochialism in the name of Sindis, Punjabis, Baluchis and Sarhadis is detrimental to the country. The enemy wants us to break ourselves up into small pieces and so fall easy prey to him. Mr Jatoi, beware of this. Avoid such pitfalls and embrace unity, strength and determination.

INDIAN MAGNANIMITY VITAL TO SUCCESS OF REGIONAL COOPERATION

Lahore NAWA-I-WAQT in Urdu 4 Aug 83 p 3

[Excerpts] In SARC [South Asian Regional Cooperation Organization], India is a big country. The remaining six nations together do not come close to it. SARC can succeed only if India sheds its pride and desire to dominate and shows broad-mindedness and bigheartedness. In other words, it should keep in mind the feelings and interests of other countries as well. In a recent interview with the Hong Kong FAR EASTERN ECONOMIC REVIEW, President Gen Mohammad Ziaul Haq, referring to the role and success of SARC, put special stress on the point that any big nation should refrain from pressuring other nations. In this connection, he cited the example of ASEAN, where in terms of area, population and resources Indonesia occupies pretty much the same position as India in SARC. But the smaller countries freely admit that the major reason for the survival and success of ASEAN is the fact that Indonesia has refrained from acting like a big country and has not tried to impose its will on the smaller member nations. As a result, smaller countries have been given trust and have felt no need to form factions or joint fronts to escape Indonesian domination. SARC can fulfill its true destiny only if India, instead of overpowering and forcing other nations, adopts a posture of broadmindedness and in a real sense strives for mutual help and cooperation on a basis of true equality.

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## PROVISIONS FOR CONTINUED USE OF ENGLISH RESENTED

Lahore NAWA-I-WAQT in Urdu 9 Aug 83 p 5

[Editorial: National Language--Regressive Steps"]

[Text] One of the slogans in the campaign over the communication media to celebrate national independence day is "Our dress, Our language." With respect to the language, President Ziaul Haq, on his return from Japan, stated in a press conference in Islamabad, that although most top officials and others in Japan know English, to communicate they prefer the national language. The present administration, under the guidance of the president, is devoting greater efforts to the propagation of Urdu than before. However, the great influence of English prevails unabated. This year, in May, the amended order that was intended to apply to Maimon Brotherhood schools and Agha Khan schools, gave rise to the fear that without proper distinction the intended goal of using the national language as a medium of examination by 1986-87 may be hindered, thus resulting in a step backward than forward.

In this amended order, it was stated that the medium for examinations in all schools and colleges would be the same as prescribed and followed by government institutions. However, those colleges and schools that prepare their students to take foreign examinations were exempted. Apparently, this seems very innocuous and insignificant. However, the great debate and division of "one country, two education systems," which hopefully was to be laid to rest in 1986-87, may not end and may continue.

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FREEDOM CONSIDERED A MATTER OF 'SURVIVAL' BY TAMILS

Paris LE MONDE in French 7, 8 Aug 83 p 14

[Article by Patrick Frances: "Great Distress of Tamil Refugees Who Reach Jaffna"]

[Text] Jaffna--The barge which has just left Lanka Seedeivi, an old freighter which has been requisitioned by the Sri Lankan government and is anchored in the port of Kankasanturai in the extreme north of the Jaffna Peninsula, slowly approaches the quay. Gradually the faces of some two hundred Tamil refugees crowded on board appear. This is not "The Raft of the Medusa," but the sight is moving. A raft of fear. A raft of flight. Here is where the figures gathered in Colombo (1,000 dead, 8,000 houses and 5,000 shops destroyed, 200,000 refugees) are embodied in these dazed faces, these haggard eyes in which nightmares are still present. Here is where the accounts heard in the capital now come from the very mouths of those who have lived through those moments of panic and horror.

The barge comes alongside. A loudspeaker issues orders. Ambulances approach. An incipient crowd is quickly controlled by volunteers and young scouts who bustle about, full of good will. Stretchers are set ashore first. A sickly teenager. A man with a vacant stare. A young boy with a bandaged leg. "They notified us that 90 of the 1,300 passengers are wounded," says an official who notes that of the 7,000 refugees disembarked up to now, 50 serious cases have been counted. Why inflict a 36-hour trip on them in obviously difficult conditions? "Quite simply," the answer comes, "because of the insecurity prevailing in Colombo. You know," he adds, "hospitals have been invaded by rampaging Sinhalese, and many of the wounded were killed. Here," our interlocuter says, "they at least feel safe."

The barge slowly empties. An old woman carrying a child in her arms shelters from the dog-days under a black umbrella. Motionless, a sad smile on her face, she patiently waits for her turn. Dignified, like those around her.

They have lost everything. They are arriving almost without money, almost without baggage. The luckiest had time to take an old suitcase. But plastic bags, bundles and tied up cardboard boxes predominate. At the



feet of a young man is a shapeless briefcase crammed full of books; his account books, his entire fortune. He had lived in Colombo for 4 years. His room was burned. He is rejoining his family and does not plan to return to the capital some day. "Why would I return?" he asks, "We can't live there anymore. The Sinhalese made us understand that." "Returning is out of the question," a third man goes further. "We have suffered enough. This can't go on any longer. Now we must find a solution." What solution? "We already have it" he answers; "a separate state: Eelam."

#### Complete Impunity

Wicker basket in hand and carrying a black umbrella, an old civil servant accepts the drink given him and empties his glass with a trembling hand. Then, in a voice choked with emotion, he dwells on the meticulousness with which the Tamil goods were pillaged and the efficiency with which the operation was conducted. For 36 years he had lived in Colombo and believed in his country.

Today he is a broken man who laments his lost dignity. And who lets his bitterness explode with respect to a government which has been discredited forever in his eyes by not protecting a minority under attack. "No policeman, no soldier confronted the arsonists," he charges. "They acted with complete impunity." In his opinion, "A disaster of this magnitude could not have taken place without the government's connivance."

Today most of those disembarking will rejoin their families after a "good meal" which will be given them in a transit camp set up at a local college. But what will become of the others? The uprooted? The 15,000-20,000 refugees expected in the next few days who have no friends or relatives here capable of receiving them? Already mention is being made of setting up "semipermanent" camps and the possibility of dividing them in groups of 300 among local schools. They will be looked after for approximately one month, the time necessary to set up a resettlement program. Financial means are limited ("we have received nothing yet from the government"), but there are many volunteers.

A special fund has been created to collect contributions: the 1983 Refugee Fund. The very date conveys the tragic destiny of this community which was the victim of similar explosions of violence in 1958, 1977 and 1981. Each time a fund was set up. Routine, in a way. Exodus become habit. Like a succession of waves which regularly push toward the north a community which takes refuge there, entrenches itself, barricades itself in. Like the break illustrated today by the government's decision to stop railroad service between Colombo and Jaffna after a train was set on fire in the north in early July. Henceforth the line will stop 200 kilometers south of Jaffna.

## Army of Occupation

What is perhaps more striking here than the human drama is the strange impression of finding oneself in another country. What a surprise to find oneself met by civil servants and local officials who, rapidly overcoming their initial prejudice, talk about the "unspeakable behavior" of an army whose extortions they relate. Of an army which is universally called an army "of occupation" here. They jostle each other to tell you about such-and-such an incident, to describe the blind reprisals and murders in which the soldiers indulged after the ambush in which 13 of them were killed. Some 50 persons, they say, were slaughtered in cold blood inside their own houses. A lawyer furtively slides into his pocket the photographs taken of the corpses of victims.

On the deserted roads of the peninsula, these corridor-like roads bordered by palisades of dry palms, we pass a military truck full of soldiers, guns pointed in all directions. "The minute anyone sees a military vehicle," our guide confides, "he hides."

"With independence," remarks the magistrate seated at his side, "we only changed masters. After the English, the Sinhalese." "Today they want to impose an unconditional capitulation on us," says Mr Amirthalingam, the head of the opposition and general secretary of the Tamil United Liberation Front [FULF], whom we met close to Jaffna. "But we will continue to resist. We can no longer live with those people. We want our freedom. It is a matter of survival."

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